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NEW MIDRANGE AIR-TO-GROUND NUCLEAR MISSILE PRESENTED

Paris LE MONDE in French 22-23 Nov 81 p 15

[Article by Jacques Isnard: "At Saint Dizier Mr Hernu Views the Intermediate-Range Air-to-Ground Missile Slated To Arm the Manned Component of the Nuclear Force"]

[Text] Charles Hernu, minister of defense, viewed at Saint Dizier (Haute Marne Department) on Friday, 20 November 1981, the full-scale mockup of the intermediate-range air-to-ground missile, which is the first nuclear airborne missile designed in France.

Beginning in July 1985, this missile is slated to arm a renovated fleet of about 15 Mirage IV nuclear bombers as well as the Super-Etendard attack aircraft of the seaborne fleet air arm before being deployed gradually, beginning in 1987, on the Mirage 2000N low-altitude nuclear penetration version. This intermediate-range air-to-ground missile program was launched in March 1978 by Yvon Bourges, at that time President Valery Giscard d'Estaing's minister of defense.

The intermediate-range air-to-ground missile will have a nuclear warhead in the order of 300 kilotons (the equivalent of 15 times the power of the Hiroshima explosion), propelled following its release from the aircraft at a speed of 900 km an hour by an explosive-triggered accelerator which endows the missile, after 4.7 seconds of flight, with a speed twice that of sound. This cruising speed is provided by a kerosene-fueled ramjet engine. The range of the intermediate-range air-to-ground missile is 300 km at high altitude and 100 km at low altitude. Starting from its high-level trajectory, the intermediate-range air-to-ground missile hits its target at an angle of 60 degrees at the end of its course, which should enable it to avoid antimissile defenses.

According to its builder, the miniaturization of the intermediate-range air-to-ground missile is such that its warhead weighs no more than 200 kilograms for a missile whose aggregate weight is about 800 kilograms.

Taking these characteristics into account, the intermediate-range air-to-ground missile should thus endow the Mirage IV aircraft with a second wind by extending its operational lifetime by a bit less than 10 years.

At Saint Dizier, which is a base for French nuclear strategic and tactical air forces, Charles Hernu additionally underscored "the potential represented by this manned component, constantly traced by the political decision-maker, which can be recalled in flight making it possible for us to signal our intentions before moving to action." The minister of defense added: "A range of attitudes is thus possible for the political decision-maker, the French president."

Minister Hernu's comments were obviously intended to reassure many airmen following the decision, announced by the office of the French president last week at the conclusion of the Defense Council's meeting of 30 October 1981, to eventually replace the Mirage IV aircraft with mobile strategic ground-to-ground missiles of which two versions, at least, are being studied under the code designation SX.

Indeed, some airmen have expressed the fear that the French deterrent might one day no longer be based on a triad--as is now the case with the Mirage IV aircraft, the missiles housed in the Albion plateau, and the missile-launching nuclear submarines--but rely only on two mainstays (stationary or mobile strategic missiles and submarine-launched missiles) since the announcement that other ground-to-ground semimobile missiles will replace the aircraft.

Hence the wish, very commonplace in the air force, that a nuclear "manned component" should continue for strategic goals, even after the withdrawal of the Mirage IV aircraft armed with intermediate-range air-to-ground missiles.

According to the calculations of the general staff, the renovated Mirage IV twin jet aircraft will no longer be operational around 1993 and, in their long-range nuclear missions (involving distances greater than 4,000 km with refueling in flight), they cannot be totally replaced by the Mirage 2000N single-jet low-altitude penetration aircraft. The inferior performances of this latest version which will be ready after 1987 make it more comparable to a plane with greater capabilities of in-depth tactical operations (1,800 km).

In order to enable deterrence to retain its flexibility of use, which is not the essential characteristics of a nuclear arsenal relying exclusively on land-based or submarine-launched missiles, there would thus be a need for a longer-range manned component that could really replace the Mirage IV aircraft after 1990. Many fliers view this system of complementary arms within the framework of a twin jet aircraft designated as the ACE (European combat aircraft) carrying two nuclear missiles designed on the basis of the experience already acquired by French technicians with the intermediate-range air-to-ground missiles.

However, this ACE program, under discussion with Britain and the Federal Republic of Germany, is on the point of being halted because of a lack of budgetary funds and of a tripartite agreement on the characteristics of a common model. For the time being the question is to know whether France, alone, is able to finance such an operation beginning in 1983.

BRIEFS

WEAPONS DISCOVERED--In the continuing investigation about bombing attacks and other serious crimes, the police yesterday searched 14 houses and buildings throughout the island. According to a police statement, in Nicosia an air gun was found at the residence of Kharalambos Pieris, 36, from Strovolos. The gun was confiscated. At the residence of Khristos Metaxakis, 53, also in Nicosia, 25 cartridges were found and also confiscated. Both men were arrested and are now held until completion of the investigation. Additionally, Georgios Metaxakis, 22, son of Khristos Metaxakis, was also arrested. In Pafos the police searched the residence of Spyros Theodosiou, 38, farmer, married and the father of 3 small children and discovered a Browning gun and 7 bullets. Theodosiou was arrested and is being held. Elsewhere, TAE [Criminal Investigation Department] agents in Lemesos searched the residence of Georgios Kyriakos Papageorgiou, a.k.a. Tsiklis, originally from Avgoros and now a resident of Lemesos, and found a gun and 16 cartridges. Tsiklis and his son Kyriakos were arrested and brought to the Lemesos provincial court, which issued a detention warrant of 8 days for the father and 5 days for the son. Moreover, a resident of Erimi found yesterday afternoon in the area of this village one gun, two Sten gun magazines, one electric detonator and 319 cartridges of various sizes. [Text] [Nicosia KHARAVGI in Greek 9 Dec 81 p 8]

CSO: 4621/107

PUBLIC POWER CORPORATION TO ASSIST INDUSTRIAL DEVELOPMENT

Athens EXORMISI in Greek 6 Dec 81 p 5

/Text/ This is the first research article by a group of electrical engineers concerning the country's industrial development. Its subject is considered especially timely following the programmatic statement of the premier; it examines the possibilities of the Public Power Corporation /DEI/ to be activated in the context of the major projects it is implementing, as a developmental factor with national economic criteria; it expresses views that could help the new DEI administration to deal with the problems.

It is known that DEI is one of the largest buyers in the Greek economy. The subject of its purchases covers all kinds of materials, readymade spare parts and machinery as well as complete installations valued at billions of drachmas. DEI makes those purchases in order to put into effect its major goal, that is, the production, transportation and distribution of electric energy.

For certain materials and spare parts alone, DEI spent in 1979 in the domestic market and abroad approximately 4 billion drachmas, in 1980 over 6 billion, and in 1981 it expected to spend approximately 8 billion drachmas. In addition, DEI signed in 1980 contracts for the procurement of four thermoelectric units for Aghios Dimitrios 1-4 valued today at approximately 26 billion drachmas through consortia of foreign firms in which (consortia of) Greek companies participated as well as other smaller contracts, e.g., conveyor belts valued at 3.5 billion drachmas of current value, etc.

In 1981 DEI signed equally large contracts such as the excavators of Amyntaion and Notion Pedion of a current value of approximately 1 billion drachmas, the lignite court of Aghios Dimitrios valued now at approximately 2 billion, the two thermoelectric units of Amyndaion with a capacity of 300 MW each valued at approximately 15 billion drachmas and sections of the hydroelectric stations of Sfakia and Asomatoi, etc. Possibly within 1981 there will be contracts to procure the excavators of the Notion Pedion valued at approximately 6.9 billion drachmas and the excavators of Megaloupolis, valued at approximately 2 billion.

In the meantime, eight projects have been set for bids which must be submitted by 1 March 1982. Six of these projects are open to international bidding.

It is obvious at first glance that these tremendous investments if properly planned under certain conditions with appropriate handling and arrangements and with the aid of the productive classes, could contribute decisively to the country's economic development.

Unfortunately DEI has been unable so far to channel these tremendous sums through productive processes with national economic character. The direction, of course, should have been given by the various governments which, as was proven, exercised national economic policy only to a very limited degree.

The governments which for decades determined the course of the country's economic development should have set developmental targets for DEI at an early stage and should direct its investments to push forward the country's industrialization, to absorb the necessary technology, to save foreign exchange, to reduce the cost of installations and thereby the cost of energy.

Further down we shall examine the criteria which necessitate the immediate change in the DEI policies on competitive bidding and the assigning of projects. However, we must note at this point that it is unacceptable not to have absorbed the technology in several projects which have been repeated more than 10 times. The lignite-using thermoelectric plants in Ptolemais is an example. Already 10 such units have been assigned, almost all the necessary technology has been developed in these plants and yet DEI still assigns [construction] as a package as was done recently in the two Amyndaion units.

DEI did not make the least effort to exercise national policy, to utilize the country's technical resources, to separate the package of the two units in at least four sections to put them out for separate bidding to allow Greek producers to participate by buying the technology which does not exceed in value 5 to 10 percent of the project.

DEI employs almost 1,000 engineers, nearly as many as EDF, its French counterpart which sells 10 times as much energy as DEI (the mines are not under its jurisdiction) and which has avoided even the responsibility of coordinating the various sections of projects (the work being paid to foreigners at 10 to 15 percent of the cost). In this way DEI sells out basic and inalienable rights of the Greek people such as the right of employment, the right of technology absorption, of better management of the national wealth, of saving foreign exchange, etc.

Unfortunately, only loosely can one call a "sell-out" the competitive bidding for the Aghios Dimitrios Lignite Court open to international competition and the awarding of the contract to a foreign company without virtually any participation of Greek construction at a time when the documents for the bidding were prepared in Greek for domestic bidding, while such installations, mostly conveyor platforms, have been installed successfully in Greece for decades. Those responsible in DEI must be accountable to the Greek people for those actions, unless they convince us that the country's industrialization and the absorption of technology is dictated by the foreigners.

The new government which represents the interests of the people must not go ahead with the approval of such contracts and must chart as soon as possible a national

policy which will be absolutely binding on DEI. It is necessary to set the criteria which will guide every public enterprise and to determine in terms of quantity all the factors which will affect the incentives for the implementation of the national economic and developmental policies, e.g., to save on foreign exchange there should be ratio limiting export which will apply as a punitive clause in foreign exchange on imported products which will reach at least 20 percent. To protect Greek industry a factor must also be determined which should take into account the lower productivity in Greece.

Possibilities

To arrive at a sound conclusion we must examine in this first article what possibilities DEI has to play in our economic system, the role required and dictated by the needs of our country and what the criteria are that should help DEI reach its decisions in a way that it will assure the Greek citizen inexpensive electric energy while at the same time realizing the vision of the Greek people for self-sustained economic development and national independence to the extent, of course, allowed by the framework of economic relations inside and outside the EEC. We are not going to examine here the participation of the Greek citizens in the supply of high-consumption industries with energy at below cost prices!

Abolition of International Bidding

First of all, DEI must examine the possibility of abolishing international bidding and the awarding of projects in smaller separate sections or the invitation to certain firms which are particularly equipped to undertake the construction and initiation of major projects to submit proposals, or capable of undertaking autonomous systems of such projects, and which are in a position to secure the necessary technology (know-how and engineering) from experienced foreign firms.

We must note at this point that no EEC country opens energy projects to international bidding. Instead, the corresponding agencies in each country invite directly known firms with which they negotiate not only the techno-economic questions but also the development of new technological methods. A characteristic illustration is that of West Germany and even France, where such projects are not assigned to foreign firms.

Decisions regarding the method of invitation for submitting proposals should be reached separately for each type of project, primarily taking into account the following national economic criteria:

1. Economic Benefit (better price).

Experience so far shows that, with some exceptions which can be easily dealt with, with the change of international bidding and with the breakup of the package it is possible to lower the price by at least 10-20 percent. An illustration of this is the construction of the conveyor belts in Section 10 of the Ptolemais lignite mine in 1973, in which domestic and foreign firms took part. The lower Greek bidder differed by 10 percent from the next bidder, the foreign firm of Babcock. In the same year, for the extension of the belts in Kardis, the lower Greek bidder differed from the foreign firm of Salzgitter by 15 percent.

But the greatest proof of the reduction in prices by having domestic bidding is shown by the open bidding for the conveyor belts in the Ptolemais southern field. In 1972 there was international bidding held for approximately 70 kilometers of conveyor belts. For a number of reasons DEI did not go ahead and award the project. In 1977 the bidding was repeated for one section of the project (Southern Field One, 17 kilometers) but this time the bidding was domestic. The difference in prices between those of the lowest Greek bidder for the corresponding equipment compared to those of the lowest 1972 bidder, and after taking into account the increase in prices between 1972 and 1977 was approximately 40 percent. In 1979 the bidding for Southern Field Two was held again domestically (for approximately 27 kilometers). The difference compared to the adjusted prices of the 1972 foreign bidder was approximately 50 percent.

Usually the foreign firms dealing with projects such as those of DEI are few (oligopolies) resulting in cartels which regulate prices, according to the known reports published in the West German review DER SPIEGEL (No 50/1979) on the notorious "International Electrical Association IEA" with headquarters in Lausanne, which includes among its members many known European and even Japanese firms, each with its own code number. IEA determines which major project in what area of the world will be undertaken by its members.

The world market was divided up according to the desires of the IEA members in three sectors and by extension in three price groups. Greece belongs to the second group, together with Australia, South Africa, Spain, etc., where the price average is set at approximately 20 percent.

We mention by way of illustration the thermo-electric stations where only three firms in Europe can bid on an entire project.

Waste of Billions of Drachmas

It is understandable that these firms are trying to maximize their profits at the expense of their customers. Affirmation but also proof of this point is the effort of this oligopoly to realize super profits at the expense of DEI in the notorious proposal for the two thermo-electric stations in Amyndaion of Florina.

In the international bidding held on 31 October 1980 in essence only two firms with their subsidiaries formed four consortia which submitted prices from 17.4 to 18.3 billion drachmas including civil engineering works or approximately 16 billion without civil engineering works.

On 23 January of 1981 following action taken by the DEI management and intervention by the government the bidding was repeated and the scenario at the expense of DEI was revealed. One of the firms which participated in October offered a price which was lower by 1.7 billion than that of October for the same equipment and in spite of the fact that 3 months had passed and of course prices had increased. But in the meantime the composition of the consortium had changed!

DEI, instead of coming to its senses and punishing those who work against the interests of the Greek people, being a captive of its incompetence, lack of courage

and the will to take serious measures, chose to continue its scandal-ridden history with the blessings of the government and to proceed with the signing of a preliminary agreement in June 1981.

At this point one may ask, was there not one person in the DEI administration capable of standing up, considering his responsibilities, and asking for the annulment of the bidding? DEI should have been moved to break up the Amyndaion package into four sections and to hold separate bids, undertaking at the same time the responsibility for coordinating these sections.

The immediate result would have been to have more suppliers take part in the separate biddings and in this way to reduce prices by 10 to 15 percent because of the greater competition.

On the other hand, it would have given Greek industry the opportunity to participate in partial biddings, buying know-how and engineering (boilers, piping, etc.). We shall speak about the capabilities of Greek industry later in this article.

In any event, those who have opposing views will counter with the argument that domestically oligopolies may be formed just as well, keeping prices high. The answer is that checking the cost of the proposals submitted to DEI by Greek enterprises can be more easily done.

One of the most important and most critical problems facing the whole world today is unemployment. It is a problem of concern to all governments which try with fiscal measures and incentives to deal with the issue of employment mainly through the state budget but also through directly productive investments by state firms or public utilities.

It seems that DEI never thought about utilizing the existing potentialities in this direction. Naturally we refer here to employment in productive processes, that is, those which result in the production of goods. The view of social policy with appointments to state agencies without the participation of such persons in the productive process is totally wrong.

At this moment when all countries are trying to employ their manpower by taking significant measures (financing, special investments, export promotion, etc.) DEI being a public utility under specific government guidance should contribute to this effort instead of assigning to foreign firms projects worth billions of drachmas, when a large part can be done in Greece.

Saving Foreign Exchange

Greece has always had a foreign exchange problem resulting in a constantly expanding balance of payments deficit. By changing the international into domestic bidding a significant portion of the cost in foreign exchange will be saved. In international bidding the foreign firm tries to limit to the minimum possible the Greek participation and thereby gain the largest amount of foreign exchange.

In spite of limitations specified in many cases, the Foreign firm determines which Greek associate it will take, if any is needed. For example, for the

Stratos II hydroelectric units bids will be offered in January 1982. In this case, no Greek associate is required, while the cost of materials that will be imported by foreign firms is such that the foreign firms will be discouraged from collaborating with a Greek associate because the Greek contractor is burdened for the first time in the history of DEI a negative clause equal to approximately 10 percent of the value. At this point one may wonder whether the past DEI administrations conducted a national or anti-national policy. The answer can be found in the four declarations which concern the conveyors of the lignite mines in Notion Pedion of Ptolemais, in Amyndaion, and in Megalopolis where the negative treatment of Greek contractors compared to foreign ones exceeded 20 percent. Unfortunately, it let the enterprise become the ridicule of the foreigners who enjoy with particular satisfaction their privileged treatment by DEI. Why, one wonders? Let its former administrators give the answer.

The new DEI administration should find as soon as possible and in cooperation with the government such factors for saving foreign exchange which would be a real incentive for both the foreigners to assign the largest part of a project to domestic contractors and to the Greeks to avoid importing products made in Greece. The issue, of course, becomes complicated because of the EEC regulations and we hope that a satisfactory solution will be found.

It could be said that on the average only 30 percent of the total value of imported raw materials and parts for projects in Greece is needed. The rest represents an added value which very often in international agreements is exported abroad in the form of foreign exchange. Worth mentioning is an example demonstrating the difference which results from domestic competitive bidding.

Ninety percent of the construction of a 300-MW thermo-electric station boiler which represents about 40 percent of the station's value can be made in Greece along with other station systems. The recent DEI assignment for the construction of two units in Amyndaion means that only the boiler, costing 5.4 billion drachmas, can be made in Greece. But if we take into consideration the fact that for the boiler 25-30 percent is paid for the import of raw materials and parts and about 10 percent for the purchase of technology then the net amount is reduced to 3.2-3.5 billion drachmas. (For the exact estimate one must take into consideration the amortization of the investments needed for the necessary factory equipment since part of it is imported from abroad.)

One of the most basic factors for the development and industrialization of the country is the development of the technology to such an extent as to make Greece independent of foreigners in many sectors. With its large scientific potential, especially in engineers, DEI could, with proper organization and meritocratic criteria in selecting the proper personnel, absorb the broad spectrum of technology by buying the corresponding research results, computers and designs just as it is done in other countries.

It is inconceivable, as we mentioned earlier, that following the construction of projects for 10 or more times precious foreign exchange should be spent while the DEI engineering personnel is under occupied or occupied with matters outside the province of its specialty. This DEI scientific potential should assume its

responsibilities and should be concerned with the progress of the enterprise and the national development in general. The new DEI administration should initiate with government cooperation a plan for ending stagnancy, irresponsibility and unwillingness for action as well as the indecision which the former administrations cultivated for inexplicable reasons. Incentives and jurisdictions should be given to those interested in advancement and in bearing the heavy burden of technological advancement, while at the same time fixing responsibilities. Meritocracy and not the time spent in service should play the deciding role in the development of the personnel.

What the DEI technicians are asked to implement has already been done long ago in other countries. This is the reason why we speak more about developing technology and less about further development. Assistance could be given in this direction during the initial stage by the various companies which have signed agreements with foreign firms for the supply of know-how even as concerns the most complicated systems of thermo-electric stations. In cooperation with the Greek industrial sector long-term perspectives and targets should be fixed allowing the privately owned companies to develop their technology also without much overlapping. In France, for example, there exists only one company which deals in thermo-electric station technology.

It is evident from the above that the criterion of absorbing and developing technology is very serious and should be pondered in a way which would allow the fastest possible development of stipulations through competitive bidding. This criterion dictates the elimination of international bidding whenever feasible.

What Should Be Done

In its effort to satisfy the people's needs for energy, DEI can greatly contribute to the industrial development of the country. Already, the purchases made by Greek industries lead in this direction. But there still exist large unexploited margins since a large volume of procurements is made abroad with the excuse that there is insufficient quality or production weaknesses or lack of know-how, etc.

What many cannot understand is the importance of domestic production to the country's economy. The decision-making agencies do not seem to comprehend the basic economic principle that production is the foundation of the economic system. The country can become independent when it produces the goods it needs. In Greece the conditions are reversed. The middleman is rewarded while the producer is neglected. Of course, many will say that DEI is performing its productive objective: it produces electricity. But this DEI production can contribute to the industrialization of the country if a large part of its investments is made by the domestic industry in accordance with the required specifications and controls. In other words, the development of industry for the purpose of increasing production in Greece is indispensable and DEI must contribute to such development. We stress particularly that industrialization is not a goal by itself but the means for achieving the goal.

The government should intercede and should legislate incentives for encouraging the productive classes in the desired direction, should force DEI to assume, as a public benefit organization, to assume its responsibilities and should fix the limits of the various incentives.

Experience for Exports

The acquisition of technology and industrial experience for projects with DEI investments coupled with financing by the domestic banks could soon lead to exports of such or similar investment goods to less developed and even developed countries on the basis of mutual trade agreements at the government level. To this day no efforts were made in this direction despite the fact that Greece has a large outstanding scientific and technical potential and is in an advantageous geographic location which facilitates transportation.

Greek Possibilities

We shall now analyze Greek industrial prospects for each type of DEI's most important projects and we shall examine the benefits from domestic competitive bids or from splitting units of each project into totally independent sectors. We shall also determine which units can be constructed in Greece by manufacturers who will be fully responsible.

a. Thermo-electric Plants

In the case of such plants DEI should eliminate international bidding as soon as possible, should proceed with splitting the plants into independent units and, for some of them, ask for domestic bids. By buying the necessary know-how and engineering from experienced firms abroad, Greece can complete 100 percent of the civil engineering projects and can manufacture 90 percent of the boilers and their auxiliary systems. The turbine generator cannot be made in Greece since special investments are needed except for a very small part of the system. In this case international bidding is needed with the participation of many bidders so that the cost may be reduced. But the turbine's condenser could be totally manufactured in Greece.

b. Hydroelectric Plants

Because of the easier technology required to build a hydroelectric plant the outlook for building such plant by Greece is better. The required civil engineering depends on the location of the plant and the ground morphology and represents 55 to 60 percent of the total cost of the project which can be totally completed by Greece. The value of the electrical and mechanical equipment represents 40 to 45 percent of the total cost and can be manufactured in Greece.

Mine Equipment

The conveyor belts which have been manufactured in Greece for a long time now constitute the main mine installation while the excavators, bulldozers, dumpsters, loaders, etc., are the main mine equipment. The excavators are the most complicated mine machines and 90 percent of the mechanical equipment can be manufactured in Greece provided the needed technology is acquired from firms abroad. About 50 percent of the electrical equipment can be made in Greece. The dumping machines are like the excavators, technologically easier to make and for their construction DEI should ask for domestic bids just as it did for conveyor belts.

DEI's Future Goals

The preceding analysis shows that DEI should ask very shortly for bids for the purpose of reducing the cost of produced energy, the maximization of the domestic added value, the effective use of imported technology and the minimization and curtailment of the foreign exchange export.

Those who are opposed to the implementation of a national economic policy for DEI will undoubtedly use the time scheduling of the projects as an argument. The fact, however, that 2 weeks before the election DEI had announced eight new projects anything but supports this argument. No proper planning was ever made by DEI as shown by the projects completed until now. For example, the Kardias I and II thermo-electric plants were completed but no conveyors existed to transport the lignite from the mines. The transportation was thus made by truck. The Kardias III and IV thermo-electric plants are ready. But the mine is unable to supply them with lignite except by truck due to poor planning. The same seems to be true with the Ag. Dimitrios 1-4 plants. There are many examples showing that DEI's planning was arbitrary or that no planning existed at all.

We cite an example of how time can be saved between the bid competition and the assignment for the construction of the project. The average time needed to evaluate a project is about 1 month. The average time needed by DEI was 1 year! This means that no problems are about to be faced following the indispensable DEI restructure and proper planning.

Another argument of those opposing domestic competitive bidding is the financing of the projects at low interest rates, as they usually claim. We say that the small interest rates are added to the prices, augmented, moreover! This means that measures should be taken to have the productive investments financed by the Greek banking system.

Finally, DEI should take steps to change as soon as possible the conditions of the declarations it published because it is unacceptable to practice a policy of counter-incentives in the event Greek contractors participate. These declarations concern the Stratos hydroelectric project, the four competitive bids for the Amyndaion, N. Pedion and Megalopolis depositors and the N. Pedion track-laying vehicles.

We hope that the new DEI administration will consider the preceding seriously and will proceed with taking all necessary measures so that the enterprise will fulfill its obligations toward the Greek people.

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CSC: 4621/92

JOBERT'S PLANS TO ADVANCE AGRICULTURE OUTLINED

Paris LE FIGARO in French 24 Nov 81 p 10

[Article by Daniel Tacet: "Michel Jobert and Exports"]

[Text] "France is beginning to realize that agriculture may be its equivalent of oil." Michel Jobert, minister of foreign trade, was categorical: Agriculture, and especially the agro-food industry, can continue to rank first on the list of French exports on the sole condition that stress be placed on the quality of products.

Quality can be maintained by finding new, constantly more elaborate products but also by evidencing ingenuity again and again. "It is necessary that we emerge from our Middle Ages-style agriculture," the minister stated yesterday to the food press association.

These declarations come in timely manner to complete the statistics published by the ministry of agriculture, figures which indicate that France's agro-food trade should be concretized in 1981 by a surplus balance of 21.6 billion francs compared to 11.7 billion francs in 1980.

This significant increase is explained by the fact that exports have really progressed with third countries outside the European Economic Community (47 percent in 1981 as against 42 percent in 1980 and 35 percent in 1979). There has been a steady increase representing France's penetration of new markets such as those of the Middle East. But despite everything these results continue to be fragile since overall they are subject to fluctuations in world market prices. This is notably the case for sugar or cereals. France's major exported food items are indeed commodities that are processed little or not at all: Grains, sugar, dairy products.

Grains have thus yielded a trade surplus of 13.3 billion francs for the first 8 months [of 1981] thanks to a price hike of 21 percent, while cereal-based produces (various types of flour) have witnessed a surplus balance of 3.2 billion francs. For its part, the surplus for sugar increased from 1.4 billion francs in 1981 to 5.1 billion francs, caused in part by the jump in world market prices. As for the balance in dairy products, it totaled 6.2 billion in 1981, that is, 2 percent more than in 1980.

These statistics also support the recent statements of the minister of agriculture, Edith Cresson, who, defending her budget before the National Assembly, estimated that "to develop our agro-food industry is to develop our entire gamut of products beginning with agriculture." A budget has been approved which calls for a notable increase (over 33 percent) and especially for assistance to private firms' investments.

To Reconquer the Domestic Market

"Henceforth, it is no longer possible to dissociate agriculture from the processing industries," the minister explained in substance. How could it be otherwise when 70 percent of agricultural products are consumed after being processed by the second national industrial sector?

However, this is a different approach from that advocated by the previous administration since, according to the minister, it is absolutely necessary not to separate the agro-food structures from the agricultural sector. As for the development of agro-food enterprises, still according to Minister Edith Cresson, it should be done primarily in France while the major firms should not reduce their investments [at home] to insure that the bulk of their growth occurs in foreign countries. This is a desire which is also shared by the minister of foreign trade who feels that France's export policy must necessarily take place through reconquering the domestic market.

While on this point the two ministers appear to be completely in agreement, the same thing does not seem to be true as regards more technical subjects such as the fixing of volume or differential prices which, for Michel Jobert, "flows from a perfectionist policy." The minister nevertheless made it a point to specify "that everything will depend on the level at which these prices will be set."

"Every program undergoes the test of experience and especially duration," the minister of foreign trade added before he concluded: "Whatever spontaneous element there may be in Edith Cresson's plans will be put to the test by reality."

2662

CSO: 3100/159

PAPER CRITICIZES DEARTH OF IDEAS, INFORMATION IN RACE

Helsinki HELSINGIN SANOMAT in Finnish 13 Dec 81 p 2

[Editorial]

[Text] Voters are following with interest the formulation and clarification of the party stands in the presidential election process. These stands are not yet clear in all cases. They have been left obscure, either because of the circumstances or intentionally. It is, after all, a question of an indirect vote in which the people first choose the electoral assembly, and the assembly chooses the president.

It is quite essential for the voters to obtain preliminary information on the behavior of the political parties and the electors themselves in the various stages of the election, even though the electors are not bound by the parties' directives. This information facilitates the voters' decisions and also gives a basis for a retrospective evaluation of the electors.

So far, only some parliamentary parties have more or less believably indicated what their voting behavior will be in the presidential election. The SDP [Social Democratic Party] has made assurances that its electors will stick by their own presidential candidate, Mauno Koivisto, to the very end. The SMP [Finland's Rural Party] has announced that its electors will support the Social Democratic candidate after the first round of votes. The Christian League has said it will only support a nonsocialist.

The views expressed by the other parties are more complicated, even problematic. The Swedish People's Party has decided to initially support a bourgeois alternative, but, according to tradition, the electors will be left with a free hand at the end. The board of the Liberal People's Party did not make a decision on whether its electors will stay behind a non-socialist at all stages, even if speeches given in the meeting generally called for this.

The Conservative Party has promised, also through the voice of its leader, to stand behind its own candidate Harri Holkeri at all stages of the election. It has not even wished to discuss any other alternative.

The chief of the Center Party announced in November that his party will stand behind its candidate "to the end. The electors and the presidential candidate will cooperate in all circumstances." However, the Center Party chief, Paavo Vayrynen, last week made a proviso on this stand by announcing that "if it becomes altogether clear that Virolainen does not have a chance of being elected, he and his electors will decide what is the best alternative."

The Communists and People's Democrats are also scattered vis-a-vis the presidential question. The SKDL [Finnish People's Democratic League] board did announce that it expects its electors to behave in accord through all the stages of the presidential election. But the decision made on the presidential candidate Kalevi Kivisto was reached through voting, and the dispute over the candidate has continued, even escalated, after the vote.

The candidate of the communist camp has no chances of winning. The minority quite obviously supports Ahti Karjalainen of the Center Party, who is not even an official candidate of any party. The stand of the majority in the decisive vote is unclear. The secretary in chief of the Finnish Communist Party, Arvo Aalto, said in November that the price of supporting the Social Democratic candidate is a tightening of leftist cooperation in the next parliamentary election.

Communist minister Veikko Saarto gave another expression to the same matter by a straightforward proposal for a common leftist program in the manner of France. Traditionally, the Social Democrats have blocked out this kind of demand. They want to continue the system of agreeing on cooperation separately for each case without a common program.

At present, the situation in the presidential race appears to be that at least the Communist and maybe also the Swedish and Liberal votes will be likely to scatter among different presidential candidates. But will the votes of the Conservative Party and the Center Party also scatter in the event that either party's candidate is still along at the decisive vote?

The Center and Conservative Parties are not willing to answer this question ahead of time. Both of them only demand an answer from the other for whom the group in question will vote, if its own candidate is not considered in the final vote. The routine answer is: until the end, support the party's own candidate.

In this way, these parties avoid discussion about those decisive votes of the election, in which many parties will have to surrender their original stance. In the third vote, which is a possibility, there will be only two candidates left. How could the Conservative and Center Parties, for example, hold on to their own candidates, if one of these two candidates is a Social Democrat?

However, it is, not likely that these parties will do as the Communists did in the 1925 election. That year, the candidates in the third vote were the two top vote-getters, Relander and Ryti, and Relander won. However, the communists gave their votes to their own candidate, Vaisanen, to the very end, and these votes were discounted.

In this light, the stances of the Center Party and the Conservative Party have been fruitless, as far as information value is concerned; and the Communist stance is unclear. This amounts to keeping the voters uninformed, which, of course, is also permissible.

PAPER ATTACKS CENTER PARTY ORGAN FOR COMMENT ON KOIVISTO

Helsinki HELSINGIN SANOMAT in Finnish 11 Dec 81 p 2

[Editorial: "Faux Pas"]

[Text] The Center Party's main organ SUOMENMAA made a claim in its Thursday [10 December] editorial that Prime Minister Mauno Koivisto had proposed to the USSR minister of foreign trade that trade between our countries be changed to a free currency basis. SUOMENMAA says that this shows "how dangerous it might be for us to have a president who does not understand foreign trade politics and Finland's interests."

Esko Rekola, Minister of Foreign Trade, was present at the courtesy call by Minister Patolitshev to Koivisto, who is in charge of presidential duties, and he has stated that the SUOMENMAA claim is wrong. We can certainly trust Rekola's statement. We could not really imagine anyway that major questions of economic relations between Finland and the Soviet Union would be taken up in the course of a courtesy call.

It is deplorable that the Center Party's main organ should have proved its trade policy anxieties in this way. Minister Patolitshev has acquired a very highly respected position in our country. His part in developing the economic relations between our countries has been crucial. We have been especially glad in the past few weeks over the fact that the minister, after a long illness, was again able to lead the goods exchange negotiations to a conclusion and that the results were valuable to our country.

SUOMENMAA's coupling of this desired visit with the current presidential discussion was not in good taste. It furthered in no way the position of the Center Party's presidential candidates.

9571

CSO: 3107/35

BRIEFS

POLL: DECLINE FOR SDP, CENTER--According to the most recent poll, the Social Democratic electors would garner 36 percent of the Finnish vote. The corresponding figure in early November was 40. The poll was conducted by Taloustutkimus Oy [Economic Research Co] at the request of the 10 o'clock news. The poll is conducted twice a month. The people were asked which party's electoral candidate they intended to vote for. Nearly one in four, 24 percent, were undecided. 13 percent said they would vote for the Center Party's electoral candidate; in November, this figure was 16. The other parties' percentual support, with the November figure in parenthesis, was as follows: The Conservative Party 12 (9), SKDL [Finnish People's Democratic League], 8 (5); the Liberal People's Party, 2 (4), SKL [Finnish Christian League], 2 (1); SMP [Finnish Rural Party], 1 (1); RKP [Swedish People's Party], 1 (0). 955 men and women over the age of 18 were included in the poll. The interviews were made between 23 November and 7 December in 66 localities. Of these, 33 were towns and 33 rural municipalities. According to the pollsters, the interview material had been slanted to correspond to Finland's official statistics. [Helsinki HELSINGIN SANOMAT in Finnish 12 Dec 81 p 10] 9571

SKDL, STALINIST FEUD TRUCE--The SKDL [Finnish People's Democratic League] Parliamentary group's Stalinists opened the door on Thursday [10 December] for a truce in the group. Ensio Laine, the SKDL group's vice chairman, spoke in the budgetary debate session and indicated that unemployment funding is the only threshold issue on which the Stalinists are likely to give their own funding proposal. Even in unemployment funding, the Stalinists put the responsibility outside the SKDL group, as they demanded that both the Social Democratic and the government bourgeois parties make firm promise to intensify the fight against unemployment before the budgetary debate is concluded. Unless this is done, they intend to vote against the government's budgetary line. Such a vote would again lead to the Stalinists' automatic exclusion from the SKDL group, and a decision has already been made to this effect. [Helsinki HELSINGIN SANOMAT in Finnish 11 Dec 81, p 3] 9571

CSO: 3107/35

HERNU VIEWS FRANCE'S PLACE IN 'MORE UNSTABLE WORLD'

Paris DEFENSE NATIONALE in French Dec 81 pp 5-23

[Speech by Minister of Defense Charles Hernu at the Institute of Higher Studies on National Defense: "Responding to the Challenges of a Dangerous World"]

[Text] I. An Observation: a More Complex and More Unstable World

If I declared that the world in which we live is complex and dangerous, I would not be saying anything new, of course--and all the more so in that to my knowledge, there has never been a period in our country's history when such was not the case; France was founded and has developed and matured over the centuries in an environment always unsettled and too often bellicose.

Nevertheless, I believe that this aspect of things should be gone into in greater depth, for it seems clear to me that in the years to come, we are going to see an increase in the instability of the international context and relative aggravation of the risks our country runs.

To go back only 25 years, one can gauge the amplitude of the changes that have affected international relations since that time. Those relations were marked by considerable simplicity, at least apparent simplicity: two principal poles of power shared economic, political and military might between them, notably in a Europe divided at Yalta and at Potsdam. Moreover, of the superpowers, the United States enjoyed a large preponderance in terms of nuclear weaponry, capacity for projection of military force beyond its borders, and concentration of wealth and economic influence. As for the "North-South" aspect of international relations, it was only beginning to take shape, since most of the countries of Africa and a good many of the nations of Asia had not yet achieved national independence. The two military blocs--American and Soviet--were apparently homogeneous and symmetrical, though different in content, and no nation--I am thinking particularly of China in the East and France in the West--was as yet openly challenging the dominion of the two great victors of the second world conflict.

There is quite obviously no need to stress the differences between that time and ours. I would only note that one of the lessons of such an examination appears to me to be the following: stability is not necessarily a benefit in itself. Indeed, the simplicity of the international relations of the 1950's had as a corollary a reduction of the room for freedom to which the peoples may naturally aspire.

Inversely, though, the greater diversity of the present-day world brings particular dangers. Here I would like to attempt an exercise in prognostication for the coming years in order to isolate some of the new or aggravated elements of instability.

--The appearance of new centers of power: the last 20 years have seen the emergence of new poles of decision--the economic but not the political reconstruction of Europe, the emergence of Japan, the rise of the Third World's awareness, what it has been possible to call the Sino-Soviet schism, the setting-up of the Organization of Petroleum Exporting Countries (OPEC), the takeoff of the "new industrialized countries": all these events have given the present-day world a more diverse, more unstable aspect.

This diffusion of power creates a more diversified universe, of course, but a more creative one; it multiplies to a corresponding degree the occasions for conflicts sparked by the economic and social inequality existing among the nations. These confrontations may unfortunately grow in intensity and scope in the coming years; the new sovereign states are providing themselves with sophisticated weaponry at an accelerated rate, and sometimes, as they do so they create new bonds of dependence vis-a-vis the two superpowers, which supply 80 percent of the armaments sold in the world. To this is added the dramatic risk represented by the dissemination of nuclear weapons in particularly unstable regions where it would be audacious to declare that atomic weaponry, in the hands of fanatical states or formations, could not be used. And one of these regions, at least, lies in the immediate vicinity of our old Europe.

--In addition to these new uncertainties there is another, one that even more directly touches the security of the countries of Europe--namely, the jeopardizing of the approximate equilibrium between the United States and the Soviet Union. This observation calls for some explanation on the notion of relationship of forces, of equilibrium or disequilibrium in the contemporary world. In the era of the atom, it would be absurd to simply add up the missiles or the megatons of the two sides and then compare the totals thus obtained: such a mode of calculation would result in nonsense. As the best example, I cite the measurement of the deterrent value of the French nuclear deterrent force: expressed in terms of carrier vehicles or megatons, it represents only a small fraction of the nuclear arsenal of the two big powers. Yet its destructive capacity is sufficient to make an eventual aggressor--one who would like to attack France and its vital interests--hesitate. Thus it is not useless, as regards measurement of the balance between the superpowers, to speak, in the Soviet manner, of "global correlation of forces." If we review the various constituent elements of this correlation, we note a potential serious risk of rupture of the equilibrium to the advantage of the USSR toward the middle of the decade.

First of all, the relationship of forces in the area of conventional armaments is clearly in favor of the USSR, especially as regards major materiel deployed on land.

In the nuclear area, the USSR's effort is considerable. After reaching parity in terms of long-range nuclear systems, the Soviet Union has continued its thrust and in the next 5 or 6 years, will have antiferces capacity that can threaten the American land-based missiles. The deployment of 250 SS-20 missiles represents a new threat, not potential [as published], for West Europe: the European cities were al-

ready--and still are--under the threat of the nuclear fire of the SS-4's and SS-5's. Today, with the 750 warheads installed on the mobile SS-20 missiles, the military targets on the ground, in addition to the cities, can be aimed at throughout all of Europe, and even as far away as North Africa. It is only in the area of short-range nuclear weapons that the Americans retain their superiority, though this too is threatened with erosion in turn: the installation of the SS-21 and SS-22 missiles and the work relating to the SS-X-23's are probably going to bring about a change between now and the middle of the decade.

In other words, the USSR, vis-a-vis the United States, could have the initiative and control the famous escalation process conceived by the Pentagon at the beginning of the 1960's. It must be noted that it will not be possible for the new American rearmament plan to make its practical effects felt in the next 6 or 7 years. But the fact of announcing it is already an important act in itself. Conversely, this plan could reverse the trend at the end of the decade, thus breaking the equilibrium in favor of the United States; but then other problems would arise, such as a new revival of the armaments escalation.

I note further that the Soviet forces, on the whole, are based on a resolutely operational military doctrine; thus, the structure of the Soviet forces and the nature of the training given are marked by two constants:

- a) offensive considered as the best defense of the homeland;
- b) the equipping of the battlefield units not only with conventional and nuclear weapons but also with chemical weapons, which more than all the others have the particular characteristic of hitting the unprotected civilian populations, without destroying a country's economic infrastructure.

As regards nuclear weapons, the possibility of equipping a conventional submarine, such as the "Wisky 137," for example, with atomic munitions would be an especially spectacular illustration of this doctrine and this practice, which are not of a nature to engender confidence.

Finally--and this is not the least important factor in evaluation of the correlation of forces in its European aspect--the Soviet Union has in its favor a depth of strategic land area, whereas the United States, on the world scale, is an island, and Europe is a mere headland of Asia.

II. In an Unstable World, France, Both Threatened and Protected, Can Be an Effective Element of Mediation

In that more dangerous world of the middle of the 1980's, our homeland can occupy a special place, dictated partly by geography but based also, and especially, on a will. The geographical and political situation of France places it at the confluence of the great axes around which modern international relations are articulated: North-South relations on the one hand, and East-West on the other. This is the reason why the policy of the president of the republic is established around these axes.

- 1) Connected to industrial Europe, of which it is one of the driving forces, but lacking energy resources that are abundant or easy of access, France is also broadly open to the Mediterranean and Africa. Thus it is inevitably concerned by the

conflicts and the claims that arise in the Third World. Exposed to the winds of the South, it suffers all their effects, of course: there is no need to remind you of the economic impact of the successive oil shocks, and there is no need to remind you either of the fears inspired in us by the numerous confrontations whose theater is the Near East and Africa. But this situation also gives us the possibility of facilitating rapprochement of positions between the North and the South, of contributing to mediation, notably in the persistent and profound conflicts of the Near East, Central Africa or Namibia. Thus, as minister of defense I am led to lend the aid of our French rapid-assistance forces to actions that can favor the maintenance of peace. The French soldiers of UNIFIL [United Nations International Force in Lebanon], including young draftees, contribute to it. In the same way, our armed forces stand ready to furnish logistical aid to the inter-African force being set up, or to participate, if the situation requires, in the multinational force envisioned upon the complete evacuation of the Sinai by the Israeli troops in April 1982. Naturally, my colleague and friend, Minister of Foreign Relations Claude Cheysson, is following these operations closely with me.

2) Belonging to the industrialized world and open to the Third World, France is in a comparable position in East-West relations: with a broad frontage onto the North Atlantic, France naturally participates in the community of allied nations bordering that ocean, and as Europe's largest country after the USSR, France has never ceased to be a continental power, an essential element in the equilibrium of Europe taken as a whole. This singular situation has an expression in political terms.

As a member of the Atlantic Alliance, France is, of course, faithful to its commitments. Adherence to the democratic values and respect for human rights and the fundamental liberties make our country a natural partner of the states of West Europe and North America. Likewise, the density of interdependent economic relations, especially among the 10 states of the European Community, clearly bind France to that group of countries. It is therefore clear also that a serious threat to the security of these states would seriously affect the security of France. Our field of liberty would be singularly shrunk if France were surrounded by hostile or subjugated neighbors. Now it is a fact that the security of our European partners depends above all on the equilibrium of forces between the two superpowers, and our analysis is that without a balance of those forces, there could be no durable peace.

At the same time, France has nuclear power at its sovereign disposal. I want to say that it thereby possesses an autonomy of decision, a space of liberty. In this regard I would like to quote the president of the republic when he declared in his press conference of 24 September last: "France will develop its own strategy of deterrence...knowing that in the last analysis...a great country, when it comes to decisive choices, always finds it is up to itself." From its possession of a nuclear "ultimate means" intended for the defense of France proper, I draw two consequences that are valid for peacetime.

1) The first is that France, while a loyal member of the Atlantic Alliance, can credibly make statements aimed at doing away with the military blocs. Or in a more immediate manner, it can be an element of mediation in the disarmament negotiations between the two superpowers: we are prepared to welcome, under the best conditions, a meeting in Paris between the political authorities of the United States and of the Soviet Union in such a way as to help give a special impulse to the negotiations aimed particularly at the dismantling of strategic armaments.

2) The second characteristic of our military nuclear capacity involves the fact that it is not negotiable: France has given itself a deterrent strategy of the so-called "weak to strong" type, incompatible with any doctrine of graduated response; such a doctrine would in effect presuppose the integration of our nuclear means with those of our partners with the Alliance who have such weapons--notably the United States.

In case of nuclear war, we would run the risk of having to expend the main part of our means at the intermediate levels of the conflict even before our territory were especially threatened. In other words, we would no longer have any last recourse.

In peacetime, this doctrine would signify our complete alignment with the integrated military organization of NATO. Thus, France would not only lose its essential space of freedom, but there would also no longer be in Europe any credible element of mediation between the United States and the Soviet Union. Isn't it in the interest of Moscow and of Washington for such an intermediary to exist? All the more so in that our country is an important factor of stability in a Europe that is prey to doubt in the West--I refer particularly to the pacifist wave in the FRG and in one or another of our allies--and to contestation in the East: I refer obviously to Poland.

Under these conditions, I was, let us say, intrigued by the proposals made by Chairman Brezhnev in an interview granted to an important West German weekly. In effect, the statements made in that interview give one to think that the Soviet Union would make no distinction between a France with its nuclear weaponry at its disposal in complete freedom and a France whose atomic means were integrated in NATO; on the basis of the German text appearing in DER SPIEGEL, I quote: "The NATO countries possess 986 vehicles (medium-range), including more than 700 for the United States, the British potential being 64 ballistic missiles and 55 bombers, while 144 units belong to France (98 missiles and 46 bombers)." Brezhnev continued: "At present, NATO's medium-range nuclear weapons are in the process of being improved and strengthened. In the United Kingdom, for example, the missiles of Polaris submarines are being modernized with six warheads. In France, it is planned to replace the land-based and sea-based missiles that have one warhead with seven-warhead missiles. Likewise, the number of French missile-launching submarines will be increased."

I think that Mr Brezhnev wants to tip the scales of the balance, but he cannot hope for what has been written [as published]: it is not in the interest of France, it is not in the interest of the USSR. In the coming negotiations between the two superpowers, the French nuclear deterrence cannot be considered a mere supplement to the weapons of the one or of the other. France, in this domain, exists by itself. I add that this is in the interest of the two big powers.

III. An Imperative: a Multifarm Defense Based on the Popular Will and Suited to the New Challenges

Thus, in order to face up to the dangers of a world in which the imbalances are destined to get bigger in the coming years, a nuclear deterrent force remains an absolute necessity. But in any case, that force cannot by itself represent a sufficient factor for the defense of our country.

First of all, an effective defense presupposes the fulfillment of a certain number of conditions. For my part, I see at least three.

1) A comprehensive concept of defense. While I am minister of defense, I am far from being the only one among my colleagues to have a defense function: each in his own sector--the economy, labor, foreign relations, the interior, planning, education, etc--contributes to the defense of the country. I, for my part, do so with military means, within the framework of the general organization of defense fixed by the prime minister and under the authority of the chief of the armed forces, the president of the republic. This does not amount to begging the question; I would like to give, as a first example, the necessity of harmonizing military planning with the national economic plan. In view of the fact that the Ministry of Defense does more direct investing than any other ministerial department, the necessity arises of linking military programming with economic planning. Another example: civil defense. This is clearly an important defense function. Yet it essentially comes under ministries other than the one for which I am responsible.

2) This comprehensive defense effort has to be set within a coherent conceptual framework that is accepted by the entire country. This is the case today: the political parties represented in Parliament all accept the existence of a credible nuclear force whose use remains strictly national and commitment of which is in all cases ordered by the president of the republic. Likewise, none of the parties challenges France's place in the Atlantic Alliance, without participation in the integrated military structure. This approval is also found in the public-opinion polls, which also express approval of national service--to which I shall return later.

3) Finally--and this is doubtlessly the most important thing--there is no defense without a will, without a spirit of defense. The adoption of a rising military budget in a period of economic difficulties is a sign of this will. France's effort should not fall off: from 1981 to 1982, the share of military expenditures in the average PIBm /Gross Domestic Product minus services/ will rise from 3.85 percent to 3.895 percent. The prime minister has decided as of now that this percentage will rise to at least 3.94 percent of the average PIBm in 1983. In this regard, the action of the French government contrasts with the difficulties encountered by various European countries. It is true that those countries have been hit by a wave of militant pacifism, largely nourished by the doubts that exist as to the will of the United States to commit all its means in favor of the NATO countries, which do not have, or which cannot have, in case of military hostilities in Europe, any other ultimate recourse than American protection alone.

To a comprehensive concept of defense, to agreement on its fundamental bases, and to a political will, there should correspond an appropriate structure of forces. Moreover, such organization should be adapted to cope with the challenges of the "storm zone" that the decade in progress represents.

First of all, the nuclear forces. These presently consist of three principal components, all in process of modernization.

The air component, which I cite first because of its relative seniority, comprises the Mirage IVA bombers, of strategic capacity, but also the airborne tactical nuclear armament represented by the Mirage III E's, the Jaguars and the Super-Eten-

dards, which carry AN-51 and AN-52 bombs. The piloted vehicles have the essential quality of being able to be tracked constantly by the political decision-maker and recalled in necessary in the event of conflict. More than the other nuclear weapons systems, these airplanes make it possible, in a crisis atmosphere, to illustrate our intentions without going to the execution phase.

That is why this component will be equipped, from 1985, with medium-range air-to-ground missiles (ASMP) that will reduced the vulnerability of the airplanes concerned (Mirage IV A first of all, and then the Mirage 2000--and increase the flexibility of their use.

A new weapons system constituted by mobile ground-to-ground ballistic missiles will succeed the Mirage IV A's when they are retired from service.

The strategic land-based component, with the 18 SSBS [Ground-to-Ground Strategic Ballistic] missiles of the Albion Plateau, is characterized by its speed of activation in case of conflict. As of the end of 1982, the two squadrons will have been equipped with S-3 missiles, which are more powerful and equipped with penetration aids. As of that date, the silos, for their part, will have been "hardened" so as to reduce their vulnerability to any eventual first strike.

Also on land, the regiments of PLUTON missiles make it possible, together with the Mirage III E's and the Jaguars, to deliver a militarily significant tactical nuclear interdiction strike against the potential enemy--the final signal before use of the strategic nuclear forces. A longer-range successor will replace them later.

The submarine component, with the five operational missile-launching nuclear submarines, ensures to France a second-strike capacity--an absolutely necessary condition for the credibility of nuclear deterrence. With the placing in service of the M-4 multiple-warhead missiles in 1985, the submarines' strike power will be increased by several orders of magnitude, and their reach will be notably improved. A sixth SNLE [Missile-Launching Nuclear Submarine] will join the fleet in 1985, and will be the first to be equipped with M-4 missiles. The number of vessels on patrol will be increased to three, thus enhancing our potential. I add that the Defense Council has recently decided on construction of a seventh SNLE, of a new generation, to go into service before the middle of the next decade.

This modernization of the SNLE's, like that of the Albion Plateau missiles, announcing the modernization and strengthening of our capacity, does not at all imply a change in the anticipties strategy, which is a corollary of weak-to-strong deterrence. This advance is aimed essentially at maintaining and developing the credibility of our deterrence in the face of adversary countermeasures.

I will not speak here of the work that will have to be done for the last decade of the century: as regards the payloads and the vehicles, studies are in progress or will be started on the different possibilities and their eventual variants. But it is still too early to say anything substantial about them.

On the other hand it is called for to say more about the research, the measures that will make it possible to increase the effectiveness of our deterrent force during the decade itself. Thus:

--at the present time, it happens for a short time that fewer than three SNLE's are on patrol simultaneously. By a series of more or less expensive but rapid efforts to be carried out, the real patrol time of the SNLE's will be increased;

--the medium-range air-to-ground missile can be equipped with more diversified nuclear payloads than the aerial bombs presently equipping the Mirage III E's, the Jaguars and the Super-Etendards;

--a particularly important point is the hardening of our transmission networks, against what the specialists call the electromagnetic pulses produced by the explosion of nuclear weapons, especially in the upper atmosphere. This is a problem to which the United States and the USSR are likewise particularly sensitive, for the "political" weapon represented by military nuclear power is valid only by virtue of ability to communicate the necessary orders in time and in all circumstances;

--finally, studies on enhanced-radiation weaponry are continuing. It is only with progress of the research that it will be possible to make a political decision about this type of armament, which does not fail to raise various questions: I note that at equal power, it causes less destruction than a traditional tactical nuclear weapon and represents a particular danger for tank attacks. This may seem strange to an uninformed person, but the crews of battle tanks are in fact distinctly more vulnerable to neutron radiation than are persons sheltered simply in houses, not to mention elementary shelters, cellars or trenches. But inversely, I note that the enhanced-radiation weapon can, in certain configurations, become a weapon of nuclear battle, whereas in our doctrine, the deterrent force is the "nonwar" weapon which is intended to prevent conflict. The debate is not settled, and in the present state of advancement of the work, does not yet need to be.

I have just spoken of our nuclear forces; but they are only one of the three principal components of our defense, which, to be complete, must include battle forces, modern and mobile, to guard our approaches and, in the worst of cases, give all its political and military significance to the tactical nuclear strike that would be called for by an offensive aimed at the vital interests of France. Likewise, we must have at our disposal rapid-assistance forces that make it possible to deal with external challenges, of either a military or a natural kind, and whether they involve defense of the interests of France--such as the lives of French nationals abroad--or respect for our international commitments, humanitarian actions or peace-keeping operations.

These forces, to be effective, have to have modern materiel available, in sufficient quantity. This, of course, presupposes an appropriate financial effort through the annual defense budget. But these budgetary means do not arise out of nothing each year; they naturally fall into the framework of a continuity represented by the programming of military expenditures.

The military-programming law, passed on 19 June 1976, fixes the evolution of military expenditures and of the equipping of the armed forces for a 6-year period, from 1977 to 1982. It covers the whole of military expenditures, operating expenses and equipment expenditures. Expressed in terms of payment credits, it guarantees the financial effort that the nation is putting out for its defense.

Thus 1982 represents the final year of the programming law, which it should have proved to be possible to carry out completely. The fact is that upon my arrival in

rue Saint-Dominique, I soon realized that the preceding government had allowed a number of considerable lags to develop in the implementation of that law.

If one considers the financial packages first of all, what does one note? Apparently, the objectives set have been reached. The law provided, for example, for giving the defense budget Fr 66.4 billion in 1978, 76.1 billion in 1979, 87.2 billion in 1980, and 99.9 billion in 1981. In the event, the budgets passed were regularly higher than those figures. But the programming law had been established on the basis of a 7-percent average annual increase in prices. That figure has been well below the reality.

The fact is that in terms of purchasing power, it represents a loss of more than 8 percent off the allocations provided for by the law, which has had an effect on the defense budget.

These insufficiencies of appropriation have been coupled with the rise in the cost of petroleum products, thus introducing serious disturbances into the management of the armed forces. From 1980 to 1981, the Air Force and the Navy have been forced into transfers of credits from investment to operating expenses, which has not failed to have an effect on adherence to the target dates for the various armament programs. There are many lags in this area. They are the subject of a detailed report made to the national legislative bodies. The lags suffered in the development of certain materiel must be added also. These technical obstacles have now been overcome. They have nonetheless seriously affected the program to develop the high-rate-of-fire 155-mm cannon. Likewise the program for the Mirage 2000, the insufficient orders for which have had to be partly compensated for by orders for the Mirage F1, which is an excellent plane but of older design.

This means that it will not have been possible to carry out the programming law entirely by the end of 1982. The government has therefore decided to give itself an extra year so as to achieve all the objectives set by the law. 1982 will not be separated from 1983. The two fiscal years will form a single unit, the dates for which, as you will note, coincide with those of the interim plan.

When, in the National Assembly, I referred to the content of the draft budget for 1982, I constantly referred to the budget for 1983; I have not hesitated to make commitments regarding the volume of the budgetary package, the quantities of materiel that the armed forces will order in 1983, for 1983 will have to make it possible to accomplish what the past execution of the law did not enable us to do in 1982.

What will happen beyond 1983? A new programming law? Doubtlessly. More precisely, a 5-year military-lanning law extending from 1984 to 1988--that is, the period over which general planning will extend for the reasons already cited. Furthermore, as of 1 January next a higher officer will be placed at the disposal of the General Commissioner for the Plan in order for the next 5-year plan to integrate completely the defense expenditures' contribution to economic growth and to protection of employment.

I will not go into the 1982 budget in detail here, as I did quite recently before the National Assembly. Permit me simply to emphasize the fact that that budget, which is going up nearly 18 percent in terms of current francs, will maintain and further improve the instrument of our defense.

In order to face up to the threats that I have described to you and implement the policy that I have evoked, it is not sufficient to have materiel at our disposal--nuclear or conventional, of high performance or weak capacity. This materiel is designed, built, maintained and used by personnel whose quality and availability are, in the last analysis, the guarantees of the country's security.

In the present situation, as you know, the strength of the armed forces is 720,000 men and women, and their pay and the related social charges represent more than two-thirds of the running expenses for defense and more than one-third of its total budget.

I would like to stress, and express gratitude for, the part played in the creation, setting-up and maintenance of our defense instrument by the approximately 140,000 civilian personnel of this ministry--workers, civil servants and personnel under contract.

But it is, of course, to the military personnel, charged with the use of our weaponry, that the essential part of our thinking must be devoted.

We presently have 315,200 regular or contracted military personnel and 265,355 young draftees (these are the figures of the 1982 budget), a defense system that achieves a balance between the nuclear deterrent forces which are the guarantors of our independence and the conventional forces that enable us to meet our commitments, both within the Atlantic Alliance--and I am referring to the battle force and to our presence in the FRG, where we maintain 50,000 men--and vis-a-vis our other allies, particularly in French-speaking Africa--and here I refer to what was called the "intervention" forces, but which I prefer to call the rapid-assistance forces.

It is clear that the equilibrium of the existing defense system rests on the fact that large numbers of young draftees are in uniform, which is made possible only by the present duration of national service, fixed at 1 year.

That is why, at a time when there is so much talk of short military service, I would like to share with you some reflections that are not intended to provide solutions to the problems raised by such an eventuality but rather to pose the questions with which we would then be confronted.

These questions will obviously concern the Army, and it is of the Army alone that I intend to speak here. Not that the indispensable role of the other armed forces should be at all belittled; but they, as you know, are more professionalized, and the impact of a reduction of military service would only be a small one for them. This is obviously true for the Navy, which has only 18,000 draftees, but it is also very largely true for the Air Force. Of course, such a reduction would not be without consequences--and I am thinking mainly of the protection of the air bases, the importance of which does not need to be emphasized and which rests entirely on the draftees--but its impact would all the same be less than in the Army, for which the draft provides nearly two-thirds of its personnel.

You should therefore be concerned about the implications of a modified service period as it regards the shape of the Army.

It is entirely understandable that the young people who are asked to fulfill a military-service obligation for the defense of their country should hope for the obli-

gation to be as fair as possible. As a minister responsible for the defense of the country, I must say that the duration of military service should make it possible above all to ensure our defense effectively. Not that nothing should change; but it is a matter of fixing the priorities as between what is desirable and what is possible.

It is therefore necessary to take cognizance of the fact that the problem of reform of national service is indissociable from that of the format of our armed forces, and that in all logic one must begin by thinking these formats through in some detail in order to be able to tackle a real reform of service.

The question of service is also the problem of its content, its missions, the threat, and also the budget package.

Must a single solution be found at any cost?

Some think that a short service period, followed by greater availability for duty, would constitute a response to the problem posed by the protection of sensitive points, whereas, on the contrary, a longer service period would perhaps be desirable in certain jobs that require relatively extensive training and good stability on the part of those who fill them.

I give no answer to these questions, but it seems to me that whatever solutions are adopted, it will be necessary to devote sizable financial means to them. Without going into the establishment of a volunteer Army, which would, moreover, be the most expensive solution of all, one must be well aware of the fact that the material condition of the draftees, or the content of military service, even if shortened, will not be improved without devoting large sums to them.

Conclusion: Three Principles for Defense

I would like to conclude by urging you to reflect in turn, for defense is everyone's affair, and the minister of defense and the responsible officials do not necessarily carry on a routine within an immutable framework.

The great orientations have been fixed since the government has been in business, particularly as regards our deterrence strategy. Many questions remain open--questions that require all the more reflection in that the context in which they are posed can change, and that it is never good to ossify as taboos for tomorrow the ideas that one may have had yesterday.

Among the subjects to be thought out must be mentioned, as we just said, the duration and the content of national service, the personnel strength and the organization of the services, the future of enhanced-radiation nuclear weaponry, modernization of the strategic nuclear forces, and also--in different registers--the exportation of armaments, civil defense. These are all questions--and there are a good many others--with which one category or another of the French is rightly and legitimately concerned.

I have only evoked these subjects to start with--and this should not surprise you--because for some, answers are premature. But especially because I would like to ask you to help, by the work and by the thinking that you promote, to place the

various questions that must be posed as regards defense in their general context, to dig out the foundations and the articulation of the reasoning, to bring out the order of the factors, to take matters into consideration--in a word, to help the government and the responsible officials to grasp the questions of defense from the appropriate angle.

It seems to me that in the matter of defense, reflection must be founded on three main principles.

The first is that for all peoples, and for France in particular, there is a right to security. France, our country, is worth the trouble of defending. We therefore have a duty--that of ensuring the security of the French and of protecting the vital interests of the Republic. Quite obviously, this duty does not at all contradict the duty to work for detente, to seek to promote disarmament that is effective, just--that is, disarmament that is not just a verbal exercise. For ensuring security does not consist solely in arming oneself, even if that means is often indispensable, but in activating all efforts that contribute to preservation of peace and to the warding-off of the risks of crises or conflicts.

The second principle consists in the right to decide freely on the conditions of our security. The president of the republic could say: "The security of France depends on its capacity for defending itself." This is the fundamental principle of independence, or of autonomy of decision--which does not mean that we should be disinterested in other nations.

For the third principle on which our policy of security rests is indeed that of fidelity to our alliances and our friendships. France does not live solitarily; it forms part of a network of relations and friendships resulting from history and geography. The prime minister has already reminded you of the two most important of these networks of solidarity to which we belong--on the one hand, that of the Atlantic Alliance, and on the other, that of the countries of Africa and the Near East, the essential character of which was recently underlined by the Franco-African summit meeting in Paris. The fact that we are not alone but linked to others obliges us to reject any idea of neutralism. Not that neutralism is a bad thing in itself; we all know of neutral countries, such as Switzerland and Sweden, which have respectable and effective traditions in this domain and which also are not suspected of pacifism. But because of its place in the world and in history, neutralism is not a solution for France. I add that "neutralism" is not always synonymous with "neuter."

Such are the permanent principles from which the security policy of France flows. But our country's security must be ensured within a financial framework that is not extensible and that depends in particular on the state of our economy. That is a datum--or more precisely, a constraint--that has varied in the past and that may vary tomorrow, but that is surely of such a nature as to limit our ambitions. Whether the volume of our nuclear forces, the volume of our conventional forces or even a soldier's pay is involved, it is unavoidable and obliges us to make choices. And it would be mistaken to think that these choices, which will be in the foreground particularly at the time of establishing the future military programming, will not be difficult.

But the national dimension of the context in which we must conceive our defense policy is not summed up in a financial dimension. It is necessary to take into ac-

count of the people, of the number of people, which is not unlimited, because of the fact that the society in which we live is more and more becoming a mixed one, and individuals are more and more taking positions of responsibility; it is necessary to take account of the evolution of attitudes, of lifestyles. These are all elements, questions, whose precise impact on our defense policy remains to be brought out.

Ladies and gentlemen, the sole aim of my presentation has been to propose paths of inquiry to you. Your work, since it is the role of the IHEDN [Institute of Higher Studies on National Defense], will, I am sure, clear them, thus contributing to enrichment of the reflection on the defense of our country, which is the concern of us all.

11267

CSO: 3100/176

ATTITUDES ON NEUTRALISM, DISARMAMENT, WILLINGNESS TO FIGHT

Paris LE FIGARO in French 3 Nov 81 pp 1, 5

[Article by Alfred Fabre-Luce: "Contradictions of Neutralism"]

[Text] November will be marked by two important events: Brezhnev's trip to Bonn, and the beginning of the Soviet-American negotiations on arms limitation. As these deadlines approach, the debate about "neutralism" becomes clearer and the two psychological warfare camps are revealing their outlines.

What has to be done is to try and find the best way to give the negotiations getting underway a chance for success. Many Englishmen, Germans and Dutch naively imagine that unilateral concessions by their governments will encourage the USSR to spontaneously make similar concessions afterwards. An English pacifist leader, Mr Thompson, even says that if compensatory Soviet concessions are not forthcoming he will reexamine his stand. Let us ask that angelic gentleman to contemplate the possibility of that disappointment starting now and as a consequence to support three elementary precautions:

1. Not to let "irreversible unilateral" action be conceived.
2. Not to allow propaganda to be developed in the West which is directed only against "American" missiles while there is no symmetrical campaign being developed in the East against "Soviet" missiles.
3. Not to encourage the Kremlin to believe that the scale of the pacifist movement in the West spares it from having to make any concessions (such as belief would frustrate the talks for which the honorable Mr Thompson wishes success).

The upcoming negotiations will deal with a set of very complex problems which concern both Americans and Europeans, SALT agreements and theater weapons. Let us not expect that the military experts will agree and point out a simple solution to us. Some of them think that the Soviet SS-20's do not bring anything decisively new to bear compared to the previous missiles. On the other hand, others consider them to be an ultimate weapon making it possible to wipe out all the land-based nuclear defenses of the Europeans by surprise.

Some are struck by the continuous expansion of naval power and of the production of Soviet tanks, as well as by the Kremlin's repeated declarations that the USSR will never use nuclear weapons in a first strike. From that they conclude that the USSR does not rule out the idea of resorting to blockade operations or to invading Western Europe by using only conventional means.

Others think that the tanks should rather be considered as means for occupying a Europe which has been disarmed beforehand by the use of nuclear weapons.

Everyone has his sources, his quotes, his Soviet references. How can one know where the Kremlin plants its lies?

Good sense suggests a very simple interpretation: the Red Army's leaders are making preparations on "all" levels, reserving the possibility of choosing one or another means of action according to what weaknesses will be made manifest among their enemies. They would obviously not care so much about banning the neutron bomb if it did not represent an effective defensive weapon. They would not be so anxious about the introduction of American theater weapons into Europe if all they had to do to get rid of them was to add a few extra payloads. But in the one case and in the other people are saying the Soviets are rejoicing to see their adversaries spend a fortune on useless expenditures!

A slogan is becoming widespread and is pleasing in its simplicity: "zero option." But this expression which seems to mean "neither American theater weapons nor Soviet theater weapons" is interpreted by pacifists as only meaning "No Pershings and simply moving the SS-20's." Furthermore, all the technical controversies of the last few months have become outdated in recent news by the appearance of a new Soviet missile, the SS-22, even more advanced than the SS-20. The SS-22 could be developed by the USSR "after" concluding an agreement for reciprocal limitation of Pershings and SS-20's. It is already a difficult thing to limit existing armaments; it is even more difficult to anticipate the ingenuity and creativity of the human mind. The establishment of a minimum of confidence between the negotiating parties remains vital. However, it can hardly be hoped for as long as the USSR continues to carry out aggressive actions at various spots on the globe and remains fundamentally opposed to any on-site verification of concluded agreements.

In this weapons area the French Government maintains an ambiguous stand. It is giving other Europeans more advice than did the previous government, but it does not allow itself to get any further involved in a practical way in the struggle for balance. It refuses to participate in a European defense put under the command of the Americans, but it does not want an independent European defense either. When Pierre Mauroy vaguely refers to such a possibility, Claude Cheysson hastens to clarify that that is only a distant dream. If it were otherwise Rene Andrieu would not be supporting the government's foreign policy, Soviet visitors would not be looking serene on leaving the Elysee, and PRAVDA would not be praising Francois Mitterrand.

Some readers ask me what I thought about the commentary provoked by the television showing of the film "The Sorrow and the Piety." My answer will quickly get back to the theme of the present article.

What struck me first of all was the suppression by the media of the genuine reactions of the French people. Several polls, old and recent ones, have demonstrated that there was massive approval by citizens of Petain of June 1940. But the debates set up on the air continue to be solely the product of a resistance competition in which each person tries to "have a corner on heroism." On FR 3 Marcel Ophuls, transformed into a schoolteacher, tried to have some young inhabitants of Auvergne adopt his two favorite equations: Petain equals Hitler and Copernic [Street] equals French fascism.

But his "pupils" seemed more concerned about discovering the authentic "real-life experience" of the Occupation period and they said they did not observe any demonstration of anti-Semitism around them at the present time. Besides, why should they feel guilty about the machinations in France of exasperated Palestinians? I imagine that instead they wish that foreigners would stop settling their quarrels on our territory.

The end of that "debate" threw a curious light on today's problems. Several of the young secondary school students being asked questions seemed to want to substitute for the lack of resistance observed in 1940 an instant lack of resistance as of the next declaration of war. It will not be easy to maintain the idea of defense in a country in which the majority of citizens are opposed to the possible use of our nuclear strike force and in which a portion of our young people refuses to even allow itself to be mobilized.

9631

CSO: 3100/126

TV CHANNELS USE GERMAN NEO-NAZISM AGAINST RIGHTWING

Paris LE FIGARO in French 4 Nov 81 p 1

[Editorial by Max Clos: "Television and Neo-Nazis: Manipulation"]

[Text] On Monday the three French television channels bombarded viewers on the subject of the "Neo-Nazi peril" in Germany. This is a scandalous undertaking in disinformation which conceals an unsavory political operation.

What was allegedly being shown? The commentary said it in plain language: contrary to what people would have you believe, the danger for the FRG is not the Red Army Faction's terrorism but in rightwing extremism.

What proofs were provided? Pictures several months old displaying about 20 strange fellows dressed up like SS and gesticulating in front of the cameras. Who is their leader? One Hoffmann, whom people have been able to see for years in all the sensationalist magazines and about whom it is not really known if he is a mental defective, a manipulated fool, or an agitator.

Germany certainly has problems but that is not where they are. Germany is seeing an economic and social crisis looming on the horizon. Clouds are building up in the East. A diffuse leftism is preying on young people, shot through with neutralist and pacifist currents which are providing leftwing terrorists with a favorable compost pile. There do exist tiny little Neo-Nazi groups, but they do not represent anything. To be sure, they are able to strike, and they have done so. Their place, like that of all terrorists, leftwing or rightwing, is in prison. But it is seriously misleading public opinion to try and make it believe that that is "the" problem.

Then why did French television engage in this crude manipulation? In all likelihood because it was instructed to. Excuse me: because it was suggested that it do so. By whom and why?

We will not answer the first question for the moment.

On the other hand, the why is easy to make out. In this operation the issue was not Germany but France. It was not German Neo-Nazis but the French right. The French right--which has become the obsession of the socialist regime--is made up, so we are assumed by official spokesmen, of suspicious citizens, of emigres inside the country and of potential traitors.

To be sure, its right to exist on an opposition force is not being questioned, but already the thing to do is to denounce the right before public opinion as solely and uniquely responsible for the economic catastrophe which is shaping up in spite of Mr Mauroy's incantations.

Monday's manipulation is nothing other than a new manifestation of the Allende complex, that reflex of a fear of failure which torments socialist leaders. It was no longer sufficient to conduct the opposition's trial ahead of time. It was necessary to go one step further.

This is what has just been done by means of the well-known technique of mixing things together. What did they want to prove? This: the right is naturally attracted by fascism, it must of necessity seek to arm itself, so inevitably it will think about a military uprising. You see! That is what is happening in Germany. That is what is going to happen in France. This thread is a little too obvious. The method itself is downright dishonest.

9631

CSO: 3100/126

PEOPLE'S ALLIANCE TROUBLED BY SOVIET SUB INCURSION OF SWEDEN

Reykjavik MORGUNDLADID in Icelandic 10 Nov 81 p 7

[Commentary by Staksteinar]

[Text] People of the European countries! Fight against the deployment of new American nuclear missiles in West European territories.

Peace lovers. Intensify your strength in a devoted fight for the highest right--the right for life. Therefore, support the ban of neutron weapons and other destructive weapons! Nuclear war--no!

(From the motto of the Central Committee of KFS on the 64th anniversary of the October Revolution)

The Slogans From the Kremlin

The insert above is a copy of the front page of NEWS FROM THE SOVIET UNION, which was published in November, just in time for the anniversary of the revolution in the Soviet Union. The slogans, which the Central Committee of the Soviet Communist Party coined to commemorate the anniversary, are in accordance with the message that "peace lovers" in this country and elsewhere have been maintaining recently. These slogans were carried on banners over a "peace march" of war machines at the Red Square, and probably both the Soviet ambassador and Ludvik Josepsson kept hammering these slogans at the National Theater Cellar on Sunday.

Soviet Proponents in the Clear

When the signatures of various well-known Icelanders were being collected to support the cause of Viktor Kortsnoj, many of the upper crust of the People's Alliance signed the document, which the Soviet Embassy then refused to accept. It aroused attention at the time that one of the leaders of the People's Alliance, Sigurjon Petursson, chairman of the Reykjavik City Council, stated publicly that he felt that there was no reason to sign such a document. It was pointed out by STAKSTEINAR that by this position taken by Petursson, the relationship

between the People's Alliance and its leadership with the Soviet Embassy and the bosses in the Kremlin was now saved. Furthermore, late this summer, the newly elected chairman of the People's Alliance, Svavar Gestsson, went on a party visit to the Soviet Union. It was made to look as if he was being invited in his capacity as minister, but in reality he was a visitor of a committee on behalf of the party.

It aroused attention that in the weekend edition of the THJODVILJINN, all the main leaders of the People's Alliance are singled out to recognize the Soviets' misconduct in sending a submarine equipped with nuclear weapons into the Swedish archipelago. In the two THJODVILJINN editorials in the weekend edition, one for the party's viewpoints and one for the Iceland State Broadcasting Service, the Soviet Union is severely attacked and all kinds of criticism is made because of the submarine incident. All this was in the Saturday edition. But then what happens Sunday? Then the Icelandic-Soviet Cultural Society, MIR, celebrated the 64th anniversary of the Russian Revolution and the speakers were Mikhail N. Streltsov, the Soviet ambassador to Iceland, and Ludvik Josepsson, who was the chairman of the People's Alliance before Svavar Gestsson took over.

When the THJODVILJINN people and the leaders of the People's Alliance reprimanded the Soviet Union on Saturday, they, of course, knew that everything would calm down by Sunday. The People's Alliance could not show any more support to the Soviet Union than to introduce together, as the main speakers at the Revolution Celebration, the Soviet ambassador and Ludvik Josepsson himself, who at one time pretended that he did not know anything about the fate of dissidents in the Soviet Union.

This spring, it was Sigurjon Petursson who accepted the task of securing the ties with the Kremlin but now it is Ludvik Josepsson.

"Peace March" at the Red Square

The reports about the great military march at the Red Square by the walls of the Kremlin on Saturday mostly bring to mind the news about the "peace marches" in West Europe a few weeks ago. At any rate, the same slogans were imprinted on the banners above the Soviet war machines as have flown over the "peace marchers" in Bonn, London, Rome and Paris. In Moscow, a gigantic picture of a missile that actually looked most like an SS-20 was carried, and on the picture it said "No USA" and lines were drawn crosswise over the missile. Furthermore, marchers in the military march protested Ronald Reagan's "war agitations" and declared him "a warmonger," as also was done at an outdoor meeting at Lakjartorg earlier this year.

Over tanks, cannons, nuclear missiles and soldiers in the "peace march" at the Red Square, Defense Minister Ustinov preached his message, and threatened the Western countries that the Soviet Union would never let anyone get ahead of it with regard to arms.

The ambassadors of Denmark, Norway, Sweden and Iceland were not present at the festivities' platforms in the shadow of the Soviet war tanks when Ustinov gave

his "peace message." Thereby they protested the incursion of the Soviet submarine into the Swedish archipelago. It was definitely about time that the Icelandic ambassador would join his colleagues from the Western countries in a protest effort against Soviet aggression. We wonder if Ludvik Josepsson apologized on behalf of the Icelandic government at the MIR-celebration on Sunday? Or was he there only as a representative of the People's Alliance?

9583

CSO: 3111/11

PAPER ATTACKS PEOPLE'S ALLIANCE STAND ON TNF ISSUES

Reykjavik MORGUNBLADID in Icelandic 29 Nov 81 p 24

[Editorial: "Reduction of Nuclear Weapons"]

[Text] This following paragraph was published in one of the newspapers in Reykjavik a few days ago: "Nations of Europe, from Poland to Portugal, from Greece to Iceland, should unanimously demand that the Soviets immediately withdraw their SS-20's and that medium-range ballistic missiles not be deployed in West Europe on behalf of NATO." This paragraph could start an exciting debate. Most people would probably think it had appeared in one of the newspapers which, out of consideration, present the point of view of the United States Government in international affairs, as the paragraph contains precisely the core of Ronald Reagan's message on foreign affairs this 18 November. In this speech, the American president emphasized his stance, supported by all the governments of the NATO alliance, that the buildup of the anti-ballistic system of the NATO alliance in Europe would be abandoned if the Soviets withdraw their SS-20's, SS-4's and SS-5 nuclear missiles. The abovementioned paragraph appeared in the THJODVILJINN editorial Saturday, 7 November, the day of the Soviet Union's Revolution celebration, the day before Ludvik Josepsson, former chairman of the People's Alliance, paid homage to the Soviet Union along with the Soviet ambassador at a meeting of the MIR [Icelandic-Soviet Cultural Society] at the National Theater Cellar.

The following sentence is also taken from the THJODVILJINN editorial. "The peace movement that puts its trust in the warmongers who now govern in Washington, is stillborn." If this editorial had been written today, the day before the nuclear arms limitation talks between the Soviets and the Americans begins in Geneva, there is no doubt that the common sense of the author (vice-chairman of the People's Alliance Kjartan Olafsson) would have resulted in this last sentence being eliminated. The vice-chairman of the People's Alliance must now put all his trust in the success of Ronald Reagan's idea concerning the elimination of certain types of nuclear missiles in Europe. The implementation of that proposal is the most sensible step that now can be taken in order to curb nuclear armament in Europe.

The resolution made by the NATO foreign ministers on 12 December 1979 concerning countermeasures for Soviet SS-20's contained two stipulations: that they would be balanced by a Western missile system and that discussions on nuclear arms limitations in Europe would be initiated, trying to get the Soviets to stop

their military buildup. It is concluded in the NATC agreement that if the Soviets are willing to reduce their nuclear military strength, NATO will completely or partially abandon plans for its own nuclear missiles. With his speech on 18 November, the American President put forth in an impressive manner the so-called "zero option"--both parties agree to deploy no intermediate nuclear missiles in Europe. The first reaction of the Soviets was characterized by their traditional reluctance, but during the meetings of Leonid Brezhnev Helmut Schmidt in Bonn this week, it appeared that the Soviets might agree to some reduction.

The discussions that will begin in Geneva tomorrow will be about these matters. That will be a real test of whether the Soviets are ready to listen to limitations and cutback of nuclear armament in Europe. It is not to be expected that a conclusion will be reached in a short time. The Soviets want to mix two different nuclear arms systems in these talks. They say that they cannot cut back on their medium-range missiles unless the Western countries reduce aircraft in their so-called "forward areas," that is to say aircraft in Europe and aircraft carriers that can carry nuclear weapons. The representatives of the Western countries feel that it is right to discuss this matter after a conclusion has been reached in the discussion on medium-range ballistic missiles, as the Soviets also have their own "forward areas."

Although man has produced all the highly developed weapons systems, it is difficult, even for military experts, to understand their interconnections. The spokesmen of the so-called peace movements, in this country anyway, do not seem to put any emphasis on explaining individual features of these complicated matters. They know that it is mostly ignorance that leads to fear, and scare tactics have been the only weapon of these people up to now.

It has been stated justifiably that NATO is the peace movement that has best served the Western countries since 1949. Nothing can refute that fact, and scare tactics will not succeed in undermining the belief of the Western people that by uniting their strength they best promote their own security. The preliminaries to the arms talks that begin in Geneva tomorrow, also confirm the justification of the view that the only way the Western countries can succeed in bringing the Kremlin people to discussions about limitations and cutback to armaments is that they show firmness and willingness to respond to the communist's armament in the same way. The fight of the so-called peace movements for unilateral disarmament has nothing to do with this, it is a fight against insecurity the way matters now stand, and this insecurity has often been the reason for conflict.

9583

CSO: 3111/12

DEPUTY COORDINATION MINISTER ADDRESSES EMIGRE PROFESSORS

Athens EKORMISI in Greek 10 Dec 81 p 10

[Speech by Deputy Coordination Minister G. Pottakis to Emigre Greek Professors]

[Text] The primary objective of this government is to create a decentralized, self-managerial economy where man, free of anxiety and oppression, will be able to develop freely all the creative abilities of his personality, who will not be limited to only two levels of his personality, namely, his capacity as producer and his capacity as consumer.

At the same time, democratic planning--for which the government will introduce a bill to the Chamber of Deputies--aspires to employ the principles of scientific management with humanitarian criteria throughout society. This opens very broad horizons of action, theory and practice both for Greek professors teaching abroad as well as those in Greece.

The above remarks were included in a speech delivered by Deputy Coordination Minister Giannis Pottakis at the conference of the Greek Association for Business Management [EKED] held at the "Hilton" Hotel on the subject of "Teaching and Practice of Management in Advanced Economies." Approximately 150 Greek professors in European and American universities took part. More specifically, Deputy Minister of Coordination Giannis Pottakis underlined the following:

"I bring you a message from the premier who in the midst of his present duties never forgets the many years he spent with the "Omogeneia" as a member of your family, the family of Greek university teachers abroad.

"We assure you that we feel pride for you, our country's ambassadors abroad. The progress and development [you achieved] when you were given the opportunity justifies our self-confidence that all will go well in our country, too. Our subject is 'management.'

"I would simply present two thoughts of wider interest relating to the political dimensions of the subject.

"Let me first sketch the social model which the new Greek government is planning to create and let us incorporate, let us see, the place of management in it.

"I want to make this clear from the outset. Our social model is not identical to the models of 'existing'--as it is known--socialism. We believe that only the development of social relations will free the caged dynamism and will lead to the real development of the productive forces.

"Now we can better approach the concept of efficiency. Efficiency is not a neutral concept in terms of quality. At the basis of efficiency and of its measurement we find certain criteria which in the last analysis are matters of political choice, matters of values, matters of orientations. What is efficient for an enterprise or an economy of the classic type may not be efficient for a self-management enterprise or a self-management economy."

Decentralized Economy

"Our model, our vision," Pottakis said emphatically, "is a decentralized, self-managed economy in which man, free of anxiety and oppression, will be able to develop freely all the creative abilities of his personality, where man will not be limited only to the two levels of his personality, the capacity of producer and the capacity of consumer.

"In such a social and economic model, what is the place of 'management?' If you understand it as 'management outside and above the people,' as a mechanism which is outside and above the people in order to 'command' them without their participation, then it has little relation to what we have in mind. If you understand it as management in the service of the target to liberate man and to shift decision-making as close as possible to the directly concerned people--if you understand it as self-management--then management has its fundamental place in our society.

"Work is now called 'labor.' Man 'labors'; he does not 'work!' He waits anxiously all week for the weekend to relax. And when the weekend comes he feels just as tired because he expects next week to be just as the one before! In an environment of alienation! And he waits to grow old, to retire, so that he can live! Waiting for old age to win life is indeed a contradiction in the system.

"The question for us is posed again from the outset! Do we keep the same structures, trying to improve management or do we try to change the structures and to give a new content and a new quality to society, eventually to life itself?

"We have made our decision which was approved by the great majority of the Greek people in the election and by a large majority in the Chamber of Deputies when we received a vote of confidence. Our decision is toward a society, self-managed, decentralized, a society where man is the center. Of course in such an atmosphere the free creative initiative of man will grow.

"The human initiative has fundamental relationship and a very broad field of action. Except for certain sectors of the economy, which are being socialized, the field will be free for competition.

"Soon the government," Pottakis said, "will introduce in the Chamber of Deputies a bill for democratic planning. The democratic planning aspires to implement the

principles of scientific management with humanitarian criteria throughout society. We do not want to limit ourselves to the micro-economic level, but pass into the macro-economic one where the entire economy, the entire society, is organized effectively to avert the waste of precious resources and talent as was done until now.

"Here, then, very broad horizons pave the way for action, for theory and practice for all of us, for all of you. We are all called upon to contribute to the gigantic effort which is taking place for the first time in our history since the establishment of the Greek state.

"To build the foundations for a state which is truly independent, a society truly just, a man who will be happy to live, to work, to create!"

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13 January 1982

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NEW MIDRANGE AIR-TO-GROUND NUCLEAR MISSILE PRESENTED

Paris LE MONDE in French 22-23 Nov 81 p 15

[Article by Jacques Isnard: "At Saint Dizier Mr Hernu Views the Intermediate-Range Air-to-Ground Missile Slated To Arm the Manned Component of the Nuclear Force"]

[Text] Charles Hernu, minister of defense, viewed at Saint Dizier (Haute Marne Department) on Friday, 20 November 1981, the full-scale mockup of the intermediate-range air-to-ground missile, which is the first nuclear airborne missile designed in France.

Beginning in July 1985, this missile is slated to arm a renovated fleet of about 15 Mirage IV nuclear bombers as well as the Super-Etendard attack aircraft of the seaborne fleet air arm before being deployed gradually, beginning in 1987, on the Mirage 2000N low-altitude nuclear penetration version. This intermediate-range air-to-ground missile program was launched in March 1978 by Yvon Bourges, at that time President Valery Giscard d'Estaing's minister of defense.

The intermediate-range air-to-ground missile will have a nuclear warhead in the order of 300 kilotons (the equivalent of 15 times the power of the Hiroshima explosion), propelled following its release from the aircraft at a speed of 900 km an hour by an explosive-triggered accelerator which endows the missile, after 4.7 seconds of flight, with a speed twice that of sound. This cruising speed is provided by a kerosene-fueled ramjet engine. The range of the intermediate-range air-to-ground missile is 300 km at high altitude and 100 km at low altitude. Starting from its high-level trajectory, the intermediate-range air-to-ground missile hits its target at an angle of 60 degrees at the end of its course, which should enable it to avoid antimissile defenses.

According to its builder, the miniaturization of the intermediate-range air-to-ground missile is such that its warhead weighs no more than 200 kilograms for a missile whose aggregate weight is about 800 kilograms.

Taking these characteristics into account, the intermediate-range air-to-ground missile should thus endow the Mirage IV aircraft with a second wind by extending its operational lifetime by a bit less than 10 years.

At Saint Dizier, which is a base for French nuclear strategic and tactical air forces, Charles Hernu additionally underscored "the potential represented by this manned component, constantly traced by the political decision-maker, which can be recalled in flight making it possible for us to signal our intentions before moving to action." The minister of defense added: "A range of attitudes is thus possible for the political decision-maker, the French president."

Minister Hernu's comments were obviously intended to reassure many airmen following the decision, announced by the office of the French president last week at the conclusion of the Defense Council's meeting of 30 October 1981, to eventually replace the Mirage IV aircraft with mobile strategic ground-to-ground missiles of which two versions, at least, are being studied under the code designation SX.

Indeed, some airmen have expressed the fear that the French deterrent might one day no longer be based on a triad--as is now the case with the Mirage IV aircraft, the missiles housed in the Albion plateau, and the missile-launching nuclear submarines--but rely only on two mainstays (stationary or mobile strategic missiles and submarine-launched missiles) since the announcement that other ground-to-ground semimobile missiles will replace the aircraft.

Hence the wish, very commonplace in the air force, that a nuclear "manned component" should continue for strategic goals, even after the withdrawal of the Mirage IV aircraft armed with intermediate-range air-to-ground missiles.

According to the calculations of the general staff, the renovated Mirage IV twin jet aircraft will no longer be operational around 1993 and, in their long-range nuclear missions (involving distances greater than 4,000 km with refueling in flight), they cannot be totally replaced by the Mirage 2000N single-jet low-altitude penetration aircraft. The inferior performances of this latest version which will be ready after 1987 make it more comparable to a plane with greater capabilities of in-depth tactical operations (1,800 km).

In order to enable deterrence to retain its flexibility of use, which is not the essential characteristics of a nuclear arsenal relying exclusively on land-based or submarine-launched missiles, there would thus be a need for a longer-range manned component that could really replace the Mirage IV aircraft after 1990. Many fliers view this system of complementary arms within the framework of a twin jet aircraft designated as the ACE (European combat aircraft) carrying two nuclear missiles designed on the basis of the experience already acquired by French technicians with the intermediate-range air-to-ground missiles.

However, this ACE program, under discussion with Britain and the Federal Republic of Germany, is on the point of being halted because of a lack of budgetary funds and of a tripartite agreement on the characteristics of a common model. For the time being the question is to know whether France, alone, is able to finance such an operation beginning in 1983.

BRIEFS

WEAPONS DISCOVERED--In the continuing investigation about bombing attacks and other serious crimes, the police yesterday searched 14 houses and buildings throughout the island. According to a police statement, in Nicosia an air gun was found at the residence of Kharalambos Pieris, 36, from Strovolos. The gun was confiscated. At the residence of Khristos Metaxakis, 53, also in Nicosia, 25 cartridges were found and also confiscated. Both men were arrested and are now held until completion of the investigation. Additionally, Georgios Metaxakis, 22, son of Khristos Metaxakis, was also arrested. In Pafos the police searched the residence of Spyros Theodosiou, 38, farmer, married and the father of 3 small children and discovered a Browning gun and 7 bullets. Theodosiou was arrested and is being held. Elsewhere, TAE [Criminal Investigation Department] agents in Lemesos searched the residence of Georgios Kyriakos Papageorgiou, a.k.a. Tsiklis, originally from Avgoros and now a resident of Lemesos, and found a gun and 16 cartridges. Tsiklis and his son Kyriakos were arrested and brought to the Lemesos provincial court, which issued a detention warrant of 8 days for the father and 5 days for the son. Moreover, a resident of Erimi found yesterday afternoon in the area of this village one gun, two Sten gun magazines, one electric detonator and 319 cartridges of various sizes. [Text] [Nicosia KHARAVGI in Greek 9 Dec 81 p 8]

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PUBLIC POWER CORPORATION TO ASSIST INDUSTRIAL DEVELOPMENT

Athens EXORMISI in Greek 6 Dec 81 p 5

[Text] This is the first research article by a group of electrical engineers concerning the country's industrial development. Its subject is considered especially timely following the programmatic statement of the premier; it examines the possibilities of the Public Power Corporation [DEI] to be activated in the context of the major projects it is implementing, as a developmental factor with national economic criteria; it expresses views that could help the new DEI administration to deal with the problems.

It is known that DEI is one of the largest buyers in the Greek economy. The subject of its purchases covers all kinds of materials, readymade spare parts and machinery as well as complete installations valued at billions of drachmas. DEI makes those purchases in order to put into effect its major goal, that is, the production, transportation and distribution of electric energy.

For certain materials and spare parts alone, DEI spent in 1979 in the domestic market and abroad approximately 4 billion drachmas, in 1980 over 6 billion, and in 1981 it expected to spend approximately 8 billion drachmas. In addition, DEI signed in 1980 contracts for the procurement of four thermoelectric units for Aghios Dimitrios 1-4 valued today at approximately 26 billion drachmas through consortia of foreign firms in which (consortia of) Greek companies participated as well as other smaller contracts, e.g., conveyor belts valued at 3.5 billion drachmas of current value, etc.

In 1981 DEI signed equally large contracts such as the excavators of Amyntaion and Notion Pedion of a current value of approximately 1 billion drachmas, the lignite court of Aghios Dimitrios valued now at approximately 2 billion, the two thermoelectric units of Amyntaion with a capacity of 300 MW each valued at approximately 15 billion drachmas and sections of the hydroelectric stations of Sfakia and Asomatou, etc. Possibly within 1981 there will be contracts to procure the excavators of the Notion Pedion valued at approximately 6.9 billion drachmas and the excavators of Megaloupolis, valued at approximately 2 billion.

In the meantime, eight projects have been set for bids which must be submitted by 1 March 1982. Six of these projects are open to international bidding.

It is obvious at first glance that these tremendous investments if properly planned under certain conditions with appropriate handling and arrangements and with the aid of the productive classes, could contribute decisively to the country's economic development.

Unfortunately DEI has been unable so far to channel these tremendous sums through productive processes with national economic character. The direction, of course, should have been given by the various governments which, as was proven, exercised national economic policy only to a very limited degree.

The governments which for decades determined the course of the country's economic development should have set developmental targets for DEI at an early stage and should direct its investments to push forward the country's industrialization, to absorb the necessary technology, to save foreign exchange, to reduce the cost of installations and thereby the cost of energy.

Further down we shall examine the criteria which necessitate the immediate change in the DEI policies on competitive bidding and the assigning of projects. However, we must note at this point that it is unacceptable not to have absorbed the technology in several projects which have been repeated more than 10 times. The lignite-using thermoelectric plants in Ptolemais is an example. Already 10 such units have been assigned, almost all the necessary technology has been developed in these plants and yet DEI still assigns construction as a package as was done recently in the two Amyndaion units.

DEI did not make the least effort to exercise national policy, to utilize the country's technical resources, to separate the package of the two units in at least four sections to put them out for separate bidding to allow Greek producers to participate by buying the technology which does not exceed in value 5 to 10 percent of the project.

DEI employs almost 1,000 engineers, nearly as many as EDF, its French counterpart which sells 10 times as much energy as DEI (the mines are not under its jurisdiction) and which has avoided even the responsibility of coordinating the various sections of projects (the work being paid to foreigners at 10 to 15 percent of the cost). In this way DEI sells out basic and inalienable rights of the Greek people such as the right of employment, the right of technology absorption, of better management of the national wealth, of saving foreign exchange, etc.

Unfortunately, only loosely can one call a "sell-out" the competitive bidding for the Agnios Dimitrios Lignite Court open to international competition and the awarding of the contract to a foreign company without virtually any participation of Greek construction at a time when the documents for the bidding were prepared in Greek for domestic bidding, while such installations, mostly conveyor platforms, have been installed successfully in Greece for decades. Those responsible in DEI must be accountable to the Greek people for those actions, unless they convince us that the country's industrialization and the absorption of technology is dictated by the foreigners.

The new government which represents the interests of the people must not go ahead with the approval of such contracts and must chart as soon as possible a national

policy which will be absolutely binding on DEI. It is necessary to set the criteria which will guide every public enterprise and to determine in terms of quantity all the factors which will affect the incentives for the implementation of the national economic and developmental policies, e.g., to save on foreign exchange there should be ratio limiting export which will apply as a punitive clause in foreign exchange on imported products which will reach at least 20 percent. To protect Greek industry a factor must also be determined which should take into account the lower productivity in Greece.

Possibilities

To arrive at a sound conclusion we must examine in this first article what possibilities DEI has to play in our economic system, the role required and dictated by the needs of our country and what the criteria are that should help DEI reach its decisions in a way that it will assure the Greek citizen inexpensive electric energy while at the same time realizing the vision of the Greek people for self-sustained economic development and national independence to the extent, of course, allowed by the framework of economic relations inside and outside the EEC. We are not going to examine here the participation of the Greek citizens in the supply of high-consumption industries with energy at below cost prices!

Abolition of International Bidding

First of all, DEI must examine the possibility of abolishing international bidding and the awarding of projects in smaller separate sections or the invitation to certain firms which are particularly equipped to undertake the construction and initiation of major projects to submit proposals, or capable of undertaking autonomous systems of such projects, and which are in a position to secure the necessary technology (know-how and engineering) from experienced foreign firms.

We must note at this point that no EEC country opens energy projects to international bidding. Instead, the corresponding agencies in each country invite directly known firms with which they negotiate not only the techno-economic questions but also the development of new technological methods. A characteristic illustration is that of West Germany and even France, where such projects are not assigned to foreign firms.

Decisions regarding the method of invitation for submitting proposals should be reached separately for each type of project, primarily taking into account the following national economic criteria:

1. Economic Benefit (better price).

Experience so far shows that, with some exceptions which can be easily dealt with, with the change of international bidding and with the breakup of the package it is possible to lower the price by at least 10-20 percent. An illustration of this is the construction of the conveyor belts in Section 10 of the Ptolemais lignite mine in 1973, in which domestic and foreign firms took part. The lower Greek bidder differed by 10 percent from the next bidder, the foreign firm of Babcock. In the same year, for the extension of the belts in Kardis, the lower Greek bidder differed from the foreign firm of Salzgitter by 15 percent.

But the greatest proof of the reduction in prices by having domestic bidding is shown by the open bidding for the conveyor belts in the Ptolemais southern field. In 1972 there was international bidding held for approximately 70 kilometers of conveyor belts. For a number of reasons DEI did not go ahead and award the project. In 1977 the bidding was repeated for one section of the project (Southern Field One, 17 kilometers) but this time the bidding was domestic. The difference in prices between those of the lowest Greek bidder for the corresponding equipment compared to those of the lowest 1972 bidder, and after taking into account the increase in prices between 1972 and 1977 was approximately 40 percent. In 1979 the bidding for Southern Field Two was held again domestically (for approximately 27 kilometers). The difference compared to the adjusted prices of the 1972 foreign bidder was approximately 50 percent.

Usually the foreign firms dealing with projects such as those of DEI are few (oligopolies) resulting in cartels which regulate prices, according to the known reports published in the West German review DER SPIEGEL (No 50/1979) on the notorious "International Electrical Association /IEA/" with headquarters in Lausanne, which includes among its members many known European and even Japanese firms, each with its own code number. IEA determines which major project in what area of the world will be undertaken by its members.

The world market was divided up according to the desires of the IEA members in three sectors and by extension in three price groups. Greece belongs to the second group, together with Australia, South Africa, Spain, etc., where the price average is set at approximately 20 percent.

We mention by way of illustration the thermo-electric stations where only three firms in Europe can bid on an entire project.

Waste of Billions of Drachmas

It is understandable that these firms are trying to maximize their profits at the expense of their customers. Affirmation but also proof of this point is the effort of this oligopoly to realize super profits at the expense of DEI in the notorious proposal for the two thermo-electric stations in Amyndaion of Florina.

In the international bidding held on 31 October 1980 in essence only two firms with their subsidiaries formed four consortia which submitted prices from 17.4 to 18.3 billion drachmas including civil engineering works or approximately 16 billion without civil engineering works.

On 23 January of 1981 following action taken by the DEI management and intervention by the government the bidding was repeated and the scenario at the expense of DEI was revealed. One of the firms which participated in October offered a price which was lower by 1.7 billion than that of October for the same equipment and in spite of the fact that 3 months had passed and of course prices had increased. But in the meantime the composition of the consortium had changed!

DEI, instead of coming to its senses and punishing those who work against the interests of the Greek people, being a captive of its incompetence, lack of courage

and the will to take serious measures, chose to continue its scandal-ridden history with the blessings of the government and to proceed with the signing of a preliminary agreement in June 1981.

At this point one may ask, was there not one person in the DEI administration capable of standing up, considering his responsibilities, and asking for the annulment of the bidding? DEI should have been moved to break up the Amyndaion package into four sections and to hold separate bids, undertaking at the same time the responsibility for coordinating these sections.

The immediate result would have been to have more suppliers take part in the separate biddings and in this way to reduce prices by 10 to 15 percent because of the greater competition.

On the other hand, it would have given Greek industry the opportunity to participate in partial biddings, buying know-how and engineering (boilers, piping, etc.). We shall speak about the capabilities of Greek industry later in this article.

In any event, those who have opposing views will counter with the argument that domestically oligopolies may be formed just as well, keeping prices high. The answer is that checking the cost of the proposals submitted to DEI by Greek enterprises can be more easily done.

One of the most important and most critical problems facing the whole world today is unemployment. It is a problem of concern to all governments which try with fiscal measures and incentives to deal with the issue of employment mainly through the state budget but also through directly productive investments by state firms or public utilities.

It seems that DEI never thought about utilizing the existing potentialities in this direction. Naturally we refer here to employment in productive processes, that is, those which result in the production of goods. The view of social policy with appointments to state agencies without the participation of such persons in the productive process is totally wrong.

At this moment when all countries are trying to employ their manpower by taking significant measures (financing, special investments, export promotion, etc.) DEI being a public utility under specific government guidance should contribute to this effort instead of assigning to foreign firms projects worth billions of drachmas, when a large part can be done in Greece.

Saving Foreign Exchange

Greece has always had a foreign exchange problem resulting in a constantly expanding balance of payments deficit. By changing the international into domestic bidding a significant portion of the cost in foreign exchange will be saved. In international bidding the foreign firm tries to limit to the minimum possible the Greek participation and thereby gain the largest amount of foreign exchange.

In spite of limitations specified in many cases, the /foreign firm/ determines which Greek associate it will take, if any is needed. For example, for the

Stratos II hydroelectric units bids will be offered in January 1982. In this case, no Greek associate is required, while the cost of materials that will be imported by foreign firms is such that the foreign firms will be discouraged from collaborating with a Greek associate because the Greek contractor is burdened for the first time in the history of DEI a negative clause equal to approximately 10 percent of the value. At this point one may wonder whether the past DEI administrations conducted a national or anti-national policy. The answer can be found in the four declarations which concern the conveyors of the lignite mines in Notion Pedion of Ptolemais, in Amyndaion, and in Megalopolis where the negative treatment of Greek contractors compared to foreign ones exceeded 20 percent. Unfortunately, it let the enterprise become the ridicule of the foreigners who enjoy with particular satisfaction their privileged treatment by DEI. Why, one wonders? Let its former administrators give the answer.

The new DEI administration should find as soon as possible and in cooperation with the government such factors for saving foreign exchange which would be a real incentive for both the foreigners to assign the largest part of a project to domestic contractors and to the Greeks to avoid importing products made in Greece. The issue, of course, becomes complicated because of the EEC regulations and we hope that a satisfactory solution will be found.

It could be said that on the average only 30 percent of the total value of imported raw materials and parts for projects in Greece is needed. The rest represents an added value which very often in international agreements is exported abroad in the form of foreign exchange. Worth mentioning is an example demonstrating the difference which results from domestic competitive bidding.

Ninety percent of the construction of a 300-MW thermo-electric station boiler which represents about 40 percent of the station's value can be made in Greece along with other station systems. The recent DEI assignment for the construction of two units in Amyndaion means that only the boiler, costing 5.4 billion drachmas, can be made in Greece. But if we take into consideration the fact that for the boiler 25-30 percent is paid for the import of raw materials and parts and about 10 percent for the purchase of technology then the net amount is reduced to 3.2-3.5 billion drachmas. (For the exact estimate one must take into consideration the amortization of the investments needed for the necessary factory equipment since part of it is imported from abroad.)

One of the most basic factors for the development and industrialization of the country is the development of the technology to such an extent as to make Greece independent of foreigners in many sectors. With its large scientific potential, especially in engineers, DEI could, with proper organization and meritocratic criteria in selecting the proper personnel, absorb the broad spectrum of technology by buying the corresponding research results, computers and designs just as it is done in other countries.

It is inconceivable, as we mentioned earlier, that following the construction of projects for 10 or more times precious foreign exchange should be spent while the DEI engineering personnel is under occupied or occupied with matters outside the province of its specialty. This DEI scientific potential should assume its

responsibilities and should be concerned with the progress of the enterprise and the national development in general. The new DEI administration should initiate with government cooperation a plan for ending stagnancy, irresponsibility and unwillingness for action as well as the indecision which the former administrations cultivated for inexplicable reasons. Incentives and jurisdictions should be given to those interested in advancement and in bearing the heavy burden of technological advancement, while at the same time fixing responsibilities. Meritocracy and not the time spent in service should play the deciding role in the development of the personnel.

What the DEI technicians are asked to implement has already been done long ago in other countries. This is the reason why we speak more about developing technology and less about further development. Assistance could be given in this direction during the initial stage by the various companies which have signed agreements with foreign firms for the supply of know-how even as concerns the most complicated systems of thermo-electric stations. In cooperation with the Greek industrial sector long-term perspectives and targets should be fixed allowing the privately owned companies to develop their technology also without much overlapping. In France, for example, there exists only one company which deals in thermo-electric station technology.

It is evident from the above that the criterion of absorbing and developing technology is very serious and should be pondered in a way which would allow the fastest possible development of stipulations through competitive bidding. This criterion dictates the elimination of international bidding whenever feasible.

What Should Be Done

In its effort to satisfy the people's needs for energy, DEI can greatly contribute to the industrial development of the country. Already, the purchases made by Greek industries lead in this direction. But there still exist large unexploited margins since a large volume of procurements is made abroad with the excuse that there is insufficient quality or production weaknesses or lack of know-how, etc.

What many cannot understand is the importance of domestic production to the country's economy. The decision-making agencies do not seem to comprehend the basic economic principle that production is the foundation of the economic system. The country can become independent when it produces the goods it needs. In Greece the conditions are reversed. The middleman is rewarded while the producer is neglected. Of course, many will say that DEI is performing its productive objective: it produces electricity. But this DEI production can contribute to the industrialization of the country if a large part of its investments is made by the domestic industry in accordance with the required specifications and controls. In other words, the development of industry for the purpose of increasing production in Greece is indispensable and DEI must contribute to such development. We stress particularly that industrialization is not a goal by itself but the means for achieving the goal.

The government should intercede and should legislate incentives for encouraging the productive classes in the desired direction, should force DEI to assume, as a public benefit organization, to assume its responsibilities and should fix the limits of the various incentives.

Experience for Exports

The acquisition of technology and industrial experience for projects with DEI investments coupled with financing by the domestic banks could soon lead to exports of such or similar investment goods to less developed and even developed countries on the basis of mutual trade agreements at the government level. To this day no efforts were made in this direction despite the fact that Greece has a large outstanding scientific and technical potential and is in an advantageous geographic location which facilitates transportation.

Greek Possibilities

We shall now analyze Greek industrial prospects for each type of DEI's most important projects and we shall examine the benefits from domestic competitive bids or from splitting units of each project into totally independent sectors. We shall also determine which units can be constructed in Greece by manufacturers who will be fully responsible.

a. Thermo-electric Plants

In the case of such plants DEI should eliminate international bidding as soon as possible, should proceed with splitting the plants into independent units and, for some of them, ask for domestic bids. By buying the necessary know-how and engineering from experienced firms abroad, Greece can complete 100 percent of the civil engineering projects and can manufacture 90 percent of the boilers and their auxiliary systems. The turbine generator cannot be made in Greece since special investments are needed except for a very small part of the system. In this case international bidding is needed with the participation of many bidders so that the cost may be reduced. But the turbine's condenser could be totally manufactured in Greece.

b. Hydroelectric Plants

Because of the easier technology required to build a hydroelectric plant the outlook for building such plant by Greece is better. The required civil engineering depends on the location of the plant and the ground morphology and represents 55 to 60 percent of the total cost of the project which can be totally completed by Greece. The value of the electrical and mechanical equipment represents 40 to 45 percent of the total cost and can be manufactured in Greece.

Mine Equipment

The conveyor belts which have been manufactured in Greece for a long time now constitute the main mine installation while the excavators, bulldozers, dumpsters, loaders, etc., are the main mine equipment. The excavators are the most complicated mine machines and 90 percent of the mechanical equipment can be manufactured in Greece provided the needed technology is acquired from firms abroad. About 50 percent of the electrical equipment can be made in Greece. The dumping machines are like the excavators, technologically easier to make and for their construction DEI should ask for domestic bids just as it did for conveyor belts.

DEI's Future Goals

The preceding analysis shows that DEI should ask very shortly for bids for the purpose of reducing the cost of produced energy, the maximization of the domestic added value, the effective use of imported technology and the minimization and curtailment of the foreign exchange export.

Those who are opposed to the implementation of a national economic policy for DEI will undoubtedly use the time scheduling of the projects as an argument. The fact, however, that 2 weeks before the election DEI had announced eight new projects anything but supports this argument. No proper planning was ever made by DEI as shown by the projects completed until now. For example, the Kardias I and II thermo-electric plants were completed but no conveyors existed to transport the lignite from the mines. The transportation was thus made by truck. The Kardias III and IV thermo-electric plants are ready. But the mine is unable to supply them with lignite except by truck due to poor planning. The same seems to be true with the Ag. Dimitrios 1-4 plants. There are many examples showing that DEI's planning was arbitrary or that no planning existed at all.

We cite an example of how time can be saved between the bid competition and the assignment for the construction of the project. The average time needed to evaluate a project is about 1 month. The average time needed by DEI was 1 year! This means that no problems are about to be faced following the indispensable DEI restructure and proper planning.

Another argument of those opposing domestic competitive bidding is the financing of the projects at low interest rates, as they usually claim. We say that the small interest rates are added to the prices, augmented, moreover! This means that measures should be taken to have the productive investments financed by the Greek banking system.

Finally, DEI should take steps to change as soon as possible the conditions of the declarations it published because it is unacceptable to practice a policy of counter-incentives in the event Greek contractors participate. These declarations concern the Stratos hydroelectric project, the four competitive bids for the Amyndaion, N. Pedion and Megalopolis depositors and the N. Pedion track-laying vehicles.

We hope that the new DEI administration will consider the preceding seriously and will proceed with taking all necessary measures so that the enterprise will fulfill its obligations toward the Greek people.

7520
CSC: 4621/92

JOBERT'S PLANS TO ADVANCE AGRICULTURE OUTLINED

Paris LE FIGARO in French 24 Nov 81 p 10

[Article by Daniel Tacet: "Michel Jobert and Exports"]

[Text] "France is beginning to realize that agriculture may be its equivalent of oil." Michel Jobert, minister of foreign trade, was categorical: Agriculture, and especially the agro-food industry, can continue to rank first on the list of French exports on the sole condition that stress be placed on the quality of products.

Quality can be maintained by finding new, constantly more elaborate products but also by evidencing ingenuity again and again. "It is necessary that we emerge from our Middle Ages-style agriculture," the minister stated yesterday to the food press association.

These declarations come in timely manner to complete the statistics published by the ministry of agriculture, figures which indicate that France's agro-food trade should be concretized in 1981 by a surplus balance of 21.6 billion francs compared to 11.7 billion francs in 1980.

This significant increase is explained by the fact that exports have really progressed with third countries outside the European Economic Community (47 percent in 1981 as against 42 percent in 1980 and 35 percent in 1979). There has been a steady increase representing France's penetration of new markets such as those of the Middle East. But despite everything these results continue to be fragile since overall they are subject to fluctuations in world market prices. This is notably the case for sugar or cereals. France's major exported food items are indeed commodities that are processed little or not at all: Grains, sugar, dairy products.

Grains have thus yielded a trade surplus of 13.3 billion francs for the first 8 months [of 1981] thanks to a price hike of 21 percent, while cereal-based produces (various types of flour) have witnessed a surplus balance of 3.2 billion francs. For its part, the surplus for sugar increased from 1.4 billion francs in 1981 to 5.1 billion francs, caused in part by the jump in world market prices. As for the balance in dairy products, it totaled 6.2 billion in 1981, that is, 2 percent more than in 1980.

These statistics also support the recent statements of the minister of agriculture, Edith Cresson, who, defending her budget before the National Assembly, estimated that "to develop our agro-food industry is to develop our entire gamut of products beginning with agriculture." A budget has been approved which calls for a notable increase (over 33 percent) and especially for assistance to private firms' investments.

To Reconquer the Domestic Market

"Henceforth, it is no longer possible to dissociate agriculture from the processing industries," the minister explained in substance. How could it be otherwise when 70 percent of agricultural products are consumed after being processed by the second national industrial sector?

However, this is a different approach from that advocated by the previous administration since, according to the minister, it is absolutely necessary not to separate the agro-food structures from the agricultural sector. As for the development of agro-food enterprises, still according to Minister Edith Cresson, it should be done primarily in France while the major firms should not reduce their investments [at home] to insure that the bulk of their growth occurs in foreign countries. This is a desire which is also shared by the minister of foreign trade who feels that France's export policy must necessarily take place through reconquering the domestic market.

While on this point the two ministers appear to be completely in agreement, the same thing does not seem to be true as regards more technical subjects such as the fixing of volume or differential prices which, for Michel Jobert, "flows from a perfectionist policy." The minister nevertheless made it a point to specify "that everything will depend on the level at which these prices will be set."

"Every program undergoes the test of experience and especially duration," the minister of foreign trade added before he concluded: "Whatever spontaneous element there may be in Edith Cresson's plans will be put to the test by reality."

2662

CSO: 3100/159

PAPER CRITICIZES DEARTH OF IDEAS, INFORMATION IN RACE

Helsinki HELSINGIN SANOMAT in Finnish 13 Dec 81 p 2

[Editorial]

[Text] Voters are following with interest the formulation and clarification of the party stands in the presidential election process. These stands are not yet clear in all cases. They have been left obscure, either because of the circumstances or intentionally. It is, after all, a question of an indirect vote in which the people first choose the electoral assembly, and the assembly chooses the president.

It is quite essential for the voters to obtain preliminary information on the behavior of the political parties and the electors themselves in the various stages of the election, even though the electors are not bound by the parties' directives. This information facilitates the voters' decisions and also gives a basis for a retrospective evaluation of the electors.

So far, only some parliamentary parties have more or less believably indicated what their voting behavior will be in the presidential election. The SDP [Social Democratic Party] has made assurances that its electors will stick by their own presidential candidate, Mauno Koivisto, to the very end. The SMP [Finland's Rural Party] has announced that its electors will support the Social Democratic candidate after the first round of votes. The Christian League has said it will only support a nonsocialist.

The views expressed by the other parties are more complicated, even problematic. The Swedish People's Party has decided to initially support a bourgeois alternative, but, according to tradition, the electors will be left with a free hand at the end. The board of the Liberal People's Party did not make a decision on whether its electors will stay behind a non-socialist at all stages, even if speeches given in the meeting generally called for this.

The Conservative Party has promised, also through the voice of its leader, to stand behind its own candidate Harri Holkeri at all stages of the election. It has not even wished to discuss any other alternative.

The chief of the Center Party announced in November that his party will stand behind its candidate "to the end. The electors and the presidential candidate will cooperate in all circumstances." However, the Center Party chief, Paavo Vayrynen, last week made a proviso on this stand by announcing that "if it becomes altogether clear that Virolainen does not have a chance of being elected, he and his electors will decide what is the best alternative."

The Communists and People's Democrats are also scattered vis-a-vis the presidential question. The SKDL [Finnish People's Democratic League] board did announce that it expects its electors to behave in accord through all the stages of the presidential election. But the decision made on the presidential candidate Kalevi Kivisto was reached through voting, and the dispute over the candidate has continued, even escalated, after the vote.

The candidate of the communist camp has no chances of winning. The minority quite obviously supports Ahti Karjalainen of the Center Party, who is not even an official candidate of any party. The stand of the majority in the decisive vote is unclear. The secretary in chief of the Finnish Communist Party, Arvo Aalto, said in November that the price of supporting the Social Democratic candidate is a tightening of leftist cooperation in the next parliamentary election.

Communist minister Veikko Saarto gave another expression to the same matter by a straightforward proposal for a common leftist program in the manner of France. Traditionally, the Social Democrats have blocked out this kind of demand. They want to continue the system of agreeing on cooperation separately for each case without a common program.

At present, the situation in the presidential race appears to be that at least the Communist and maybe also the Swedish and Liberal votes will be likely to scatter among different presidential candidates. But will the votes of the Conservative Party and the Center Party also scatter in the event that either party's candidate is still along at the decisive vote?

The Center and Conservative Parties are not willing to answer this question ahead of time. Both of them only demand an answer from the other for whom the group in question will vote, if its own candidate is not considered in the final vote. The routine answer is: until the end, support the party's own candidate.

In this way, these parties avoid discussion about those decisive votes of the election, in which many parties will have to surrender their original stance. In the third vote, which is a possibility, there will be only two candidates left. How could the Conservative and Center Parties, for example, hold on to their own candidates, if one of these two candidates is a Social Democrat?

However, it is, not likely that these parties will do as the Communists did in the 1925 election. That year, the candidates in the third vote were the two top vote-getters, Relander and Ryti, and Relander won. However, the communists gave their votes to their own candidate, Vaisanen, to the very end, and these votes were discounted.

In this light, the stances of the Center Party and the Conservative Party have been fruitless, as far as information value is concerned; and the Communist stance is unclear. This amounts to keeping the voters uninformed, which, of course, is also permissible.

PAPER ATTACKS CENTER PARTY ORGAN FOR COMMENT ON KOIVISTO

Helsinki HELSINGIN SANOMAT in Finnish 11 Dec 81 p 2

[Editorial: "Faux Pas"]

[Text] The Center Party's main organ SUOMENMAA made a claim in its Thursday [10 December] editorial that Prime Minister Mauno Koivisto had proposed to the USSR minister of foreign trade that trade between our countries be changed to a free currency basis. SUOMENMAA says that this shows "how dangerous it might be for us to have a president who does not understand foreign trade politics and Finland's interests."

Esko Rekola, Minister of Foreign Trade, was present at the courtesy call by Minister Patolitshev to Koivisto, who is in charge of presidential duties, and he has stated that the SUOMENMAA claim is wrong. We can certainly trust Rekola's statement. We could not really imagine anyway that major questions of economic relations between Finland and the Soviet Union would be taken up in the course of a courtesy call.

It is deplorable that the Center Party's main organ should have proved its trade policy anxieties in this way. Minister Patolitshev has acquired a very highly respected position in our country. His part in developing the economic relations between our countries has been crucial. We have been especially glad in the past few weeks over the fact that the minister, after a long illness, was again able to lead the goods exchange negotiations to a conclusion and that the results were valuable to our country.

SUOMENMAA's coupling of this desired visit with the current presidential discussion was not in good taste. It furthered in no way the position of the Center Party's presidential candidates.

9571

CSO: 3107/35

BRIEFS

POLL: DECLINE FOR SDP, CENTER--According to the most recent poll, the Social Democratic electors would garner 36 percent of the Finnish vote. The corresponding figure in early November was 40. The poll was conducted by Taloustutkimus Oy [Economic Research Co] at the request of the 10 o'clock news. The poll is conducted twice a month. The people were asked which party's electoral candidate they intended to vote for. Nearly one in four, 24 percent, were undecided. 13 percent said they would vote for the Center Party's electoral candidate; in November, this figure was 16. The other parties' percentual support, with the November figure in parenthesis, was as follows: The Conservative Party 12 (9), SKDL [Finnish People's Democratic League], 8 (5); the Liberal People's Party, 2 (4), SKL [Finnish Christian League], 2 (1); SMP [Finnish Rural Party], 1 (1); RKP [Swedish People's Party], 1 (0). 955 men and women over the age of 18 were included in the poll. The interviews were made between 23 November and 7 December in 66 localities. Of these, 33 were towns and 33 rural municipalities. According to the pollsters, the interview material had been slanted to correspond to Finland's official statistics. [Helsinki HELSINGIN SANOMAT in Finnish 12 Dec 81 p 10] 9571

SKDL, STALINIST FEUD TRUCE--The SKDL [Finnish People's Democratic League] Parliamentary group's Stalinists opened the door on Thursday [10 December] for a truce in the group. Ensio Laine, the SKDL group's vice chairman, spoke in the budgetary debate session and indicated that unemployment funding is the only threshold issue on which the Stalinists are likely to give their own funding proposal. Even in unemployment funding, the Stalinists put the responsibility outside the SKDL group, as they demanded that both the Social Democratic and the government bourgeois parties make firm promise to intensify the fight against unemployment before the budgetary debate is concluded. Unless this is done, they intend to vote against the government's budgetary line. Such a vote would again lead to the Stalinists' automatic exclusion from the SKDL group, and a decision has already been made to this effect. [Helsinki HELSINGIN SANOMAT in Finnish 11 Dec 81, p 3] 9571

CSO: 3107/35

HERNU VIEWS FRANCE'S PLACE IN 'MORE UNSTABLE WORLD'

Paris DEFENSE NATIONALE in French Dec 81 pp 5-23

[Speech by Minister of Defense Charles Hernu at the Institute of Higher Studies on National Defense: "Responding to the Challenges of a Dangerous World"]

[Text] I. An Observation: a More Complex and More Unstable World

If I declared that the world in which we live is complex and dangerous, I would not be saying anything new, of course--and all the more so in that to my knowledge, there has never been a period in our country's history when such was not the case; France was founded and has developed and matured over the centuries in an environment always unsettled and too often bellicose.

Nevertheless, I believe that this aspect of things should be gone into in greater depth, for it seems clear to me that in the years to come, we are going to see an increase in the instability of the international context and relative aggravation of the risks our country runs.

To go back only 25 years, one can gauge the amplitude of the changes that have affected international relations since that time. Those relations were marked by considerable simplicity, at least apparent simplicity: two principal poles of power shared economic, political and military might between them, notably in a Europe divided at Yalta and at Potsdam. Moreover, of the superpowers, the United States enjoyed a large preponderance in terms of nuclear weaponry, capacity for projection of military force beyond its borders, and concentration of wealth and economic influence. As for the "North-South" aspect of international relations, it was only beginning to take shape, since most of the countries of Africa and a good many of the nations of Asia had not yet achieved national independence. The two military blocs--American and Soviet--were apparently homogeneous and symmetrical, though different in content, and no nation--I am thinking particularly of China in the East and France in the West--was as yet openly challenging the dominion of the two great victors of the second world conflict.

There is quite obviously no need to stress the differences between that time and ours. I would only note that one of the lessons of such an examination appears to me to be the following: stability is not necessarily a benefit in itself. Indeed, the simplicity of the international relations of the 1950's had as a corollary a reduction of the room for freedom to which the peoples may naturally aspire.

Inversely, though, the greater diversity of the present-day world brings particular dangers. Here I would like to attempt an exercise in prognostication for the coming years in order to isolate some of the new or aggravated elements of instability.

--The appearance of new centers of power: the last 20 years have seen the emergence of new poles of decision--the economic but not the political reconstruction of Europe, the emergence of Japan, the rise of the Third World's awareness, what it has been possible to call the Sino-Soviet schism, the setting-up of the Organization of Petroleum Exporting Countries (OPEC), the takeoff of the "new industrialized countries": all these events have given the present-day world a more diverse, more unstable aspect.

This diffusion of power creates a more diversified universe, of course, but a more creative one; it multiplies to a corresponding degree the occasions for conflicts sparked by the economic and social inequality existing among the nations. These confrontations may unfortunately grow in intensity and scope in the coming years; the new sovereign states are providing themselves with sophisticated weaponry at an accelerated rate, and sometimes, as they do so they create new bonds of dependence vis-a-vis the two superpowers, which supply 80 percent of the armaments sold in the world. To this is added the dramatic risk represented by the dissemination of nuclear weapons in particularly unstable regions where it would be audacious to declare that atomic weaponry, in the hands of fanatical states or formations, could not be used. And one of these regions, at least, lies in the immediate vicinity of our old Europe.

--In addition to these new uncertainties there is another, one that even more directly touches the security of the countries of Europe--namely, the jeopardizing of the approximate equilibrium between the United States and the Soviet Union. This observation calls for some explanation on the notion of relationship of forces, of equilibrium or disequilibrium in the contemporary world. In the era of the atom, it would be absurd to simply add up the missiles or the megatons of the two sides and then compare the totals thus obtained: such a mode of calculation would result in nonsense. As the best example, I cite the measurement of the deterrent value of the French nuclear deterrent force: expressed in terms of carrier vehicles or megatons, it represents only a small fraction of the nuclear arsenal of the two big powers. Yet its destructive capacity is sufficient to make an eventual aggressor--one who would like to attack France and its vital interests--hesitate. Thus it is not useless, as regards measurement of the balance between the superpowers, to speak, in the Soviet manner, of "global correlation of forces." If we review the various constituent elements of this correlation, we note a potential serious risk of rupture of the equilibrium to the advantage of the USSR toward the middle of the decade.

First of all, the relationship of forces in the area of conventional armaments is clearly in favor of the USSR, especially as regards major materiel deployed on land.

In the nuclear area, the USSR's effort is considerable. After reaching parity in terms of long-range nuclear systems, the Soviet Union has continued its thrust and in the next 5 or 6 years, will have antiforces capacity that can threaten the American land-based missiles. The deployment of 250 SS-20 missiles represents a new threat, not potential [as published], for West Europe: the European cities were al-

ready--and still are--under the threat of the nuclear fire of the SS-4's and SS-5's. Today, with the 750 warheads installed on the mobile SS-20 missiles, the military targets on the ground, in addition to the cities, can be aimed at throughout all of Europe, and even as far away as North Africa. It is only in the area of short-range nuclear weapons that the Americans retain their superiority, though this too is threatened with erosion in turn: the installation of the SS-21 and SS-22 missiles and the work relating to the SS-X-23's are probably going to bring about a change between now and the middle of the decade.

In other words, the USSR, vis-a-vis the United States, could have the initiative and control the famous escalation process conceived by the Pentagon at the beginning of the 1960's. It must be noted that it will not be possible for the new American rearmament plan to make its practical effects felt in the next 6 or 7 years. But the fact of announcing it is already an important act in itself. Conversely, this plan could reverse the trend at the end of the decade, thus breaking the equilibrium in favor of the United States; but then other problems would arise, such as a new revival of the armaments escalation.

I note further that the Soviet forces, on the whole, are based on a resolutely operational military doctrine; thus, the structure of the Soviet forces and the nature of the training given are marked by two constants:

- a) offensive considered as the best defense of the homeland;
- b) the equipping of the battlefield units not only with conventional and nuclear weapons but also with chemical weapons, which more than all the others have the particular characteristic of hitting the unprotected civilian populations, without destroying a country's economic infrastructure.

As regards nuclear weapons, the possibility of equipping a conventional submarine, such as the "Wisky 137," for example, with atomic munitions would be an especially spectacular illustration of this doctrine and this practice, which are not of a nature to engender confidence.

Finally--and this is not the least important factor in evaluation of the correlation of forces in its European aspect--the Soviet Union has in its favor a depth of strategic land area, whereas the United States, on the world scale, is an island, and Europe is a mere headland of Asia.

II. In an Unstable World, France, Both Threatened and Protected, Can Be an Effective Element of Mediation

In that more dangerous world of the middle of the 1980's, our homeland can occupy a special place, dictated partly by geography but based also, and especially, on a will. The geographical and political situation of France places it at the confluence of the great axes around which modern international relations are articulated: North-South relations on the one hand, and East-West on the other. This is the reason why the policy of the president of the republic is established around these axes.

- 1) Connected to industrial Europe, of which it is one of the driving forces, but lacking energy resources that are abundant or easy of access, France is also broadly open to the Mediterranean and Africa. Thus it is inevitably concerned by the

conflicts and the claims that arise in the Third World. Exposed to the winds of the South, it suffers all their effects, of course: there is no need to remind you of the economic impact of the successive oil shocks, and there is no need to remind you either of the fears inspired in us by the numerous confrontations whose theater is the Near East and Africa. But this situation also gives us the possibility of facilitating rapprochement of positions between the North and the South, of contributing to mediation, notably in the persistent and profound conflicts of the Near East, Central Africa or Namibia. Thus, as minister of defense I am led to lend the aid of our French rapid-assistance forces to actions that can favor the maintenance of peace. The French soldiers of UNIFIL [United Nations International Force in Lebanon], including young draftees, contribute to it. In the same way, our armed forces stand ready to furnish logistical aid to the inter-African force being set up, or to participate, if the situation requires, in the multinational force envisioned upon the complete evacuation of the Sinai by the Israeli troops in April 1982. Naturally, my colleague and friend, Minister of Foreign Relations Claude Cheysson, is following these operations closely with me.

2) Belonging to the industrialized world and open to the Third World, France is in a comparable position in East-West relations: with a broad frontage onto the North Atlantic, France naturally participates in the community of allied nations bordering that ocean, and as Europe's largest country after the USSR, France has never ceased to be a continental power, an essential element in the equilibrium of Europe taken as a whole. This singular situation has an expression in political terms.

As a member of the Atlantic Alliance, France is, of course, faithful to its commitments. Adherence to the democratic values and respect for human rights and the fundamental liberties make our country a natural partner of the states of West Europe and North America. Likewise, the density of interdependent economic relations, especially among the 10 states of the European Community, clearly bind France to that group of countries. It is therefore clear also that a serious threat to the security of these states would seriously affect the security of France. Our field of liberty would be singularly shrunk if France were surrounded by hostile or subjugated neighbors. Now it is a fact that the security of our European partners depends above all on the equilibrium of forces between the two superpowers, and our analysis is that without a balance of those forces, there could be no durable peace.

At the same time, France has nuclear power at its sovereign disposal. I want to say that it thereby possesses an autonomy of decision, a space of liberty. In this regard I would like to quote the president of the republic when he declared in his press conference of 24 September last: "France will develop its own strategy of deterrence...knowing that in the last analysis...a great country, when it comes to decisive choices, always finds it is up to itself." From its possession of a nuclear "ultimate means" intended for the defense of France proper, I draw two consequences that are valid for peacetime.

1) The first is that France, while a loyal member of the Atlantic Alliance, can credibly make statements aimed at doing away with the military blocs. Or in a more immediate manner, it can be an element of mediation in the disarmament negotiations between the two superpowers: we are prepared to welcome, under the best conditions, a meeting in Paris between the political authorities of the United States and of the Soviet Union in such a way as to help give a special impulse to the negotiations aimed particularly at the dismantling of strategic armaments.

2) The second characteristic of our military nuclear capacity involves the fact that it is not negotiable: France has given itself a deterrent strategy of the so-called "weak to strong" type, incompatible with any doctrine of graduated response; such a doctrine would in effect presuppose the integration of our nuclear means with those of our partners with the Alliance who have such weapons--notably the United States.

In case of nuclear war, we would run the risk of having to expend the main part of our means at the intermediate levels of the conflict even before our territory were especially threatened. In other words, we would no longer have any last recourse.

In peacetime, this doctrine would signify our complete alignment with the integrated military organization of NATO. Thus, France would not only lose its essential space of freedom, but there would also no longer be in Europe any credible element of mediation between the United States and the Soviet Union. Isn't it in the interest of Moscow and of Washington for such an intermediary to exist? All the more so in that our country is an important factor of stability in a Europe that is prey to doubt in the West--I refer particularly to the pacifist wave in the FRG and in one or another of our allies--and to contestation in the East: I refer obviously to Poland.

Under these conditions, I was, let us say, intrigued by the proposals made by Chairman Brezhnev in an interview granted to an important West German weekly. In effect, the statements made in that interview give one to think that the Soviet Union would make no distinction between a France with its nuclear weaponry at its disposal in complete freedom and a France whose atomic means were integrated in NATO; on the basis of the German text appearing in DER SPIEGEL, I quote: "The NATO countries possess 986 vehicles (medium-range), including more than 700 for the United States, the British potential being 64 ballistic missiles and 55 bombers, while 144 units belong to France (98 missiles and 46 bombers)." Brezhnev continued: "At present, NATO's medium-range nuclear weapons are in the process of being improved and strengthened. In the United Kingdom, for example, the missiles of Polaris submarines are being modernized with six warheads. In France, it is planned to replace the land-based and sea-based missiles that have one warhead with seven-warhead missiles. Likewise, the number of French missile-launching submarines will be increased."

I think that Mr Brezhnev wants to tip the scales of the balance, but he cannot hope for what has been written [as published]: it is not in the interest of France, it is not in the interest of the USSR. In the coming negotiations between the two superpowers, the French nuclear deterrence cannot be considered a mere supplement to the weapons of the one or of the other. France, in this domain, exists by itself. I add that this is in the interest of the two big powers.

III. An Imperative: a Multiform Defense Based on the Popular Will and Suited to the New Challenges

Thus, in order to face up to the dangers of a world in which the imbalances are destined to get bigger in the coming years, a nuclear deterrent force remains an absolute necessity. But in any case, that force cannot by itself represent a sufficient factor for the defense of our country.

First of all, an effective defense presupposes the fulfillment of a certain number of conditions. For my part, I see at least three.

1) A comprehensive concept of defense. While I am minister of defense, I am far from being the only one among my colleagues to have a defense function: each in his own sector--the economy, labor, foreign relations, the interior, planning, education, etc--contributes to the defense of the country. I, for my part, do so with military means, within the framework of the general organization of defense fixed by the prime minister and under the authority of the chief of the armed forces, the president of the republic. This does not amount to begging the question; I would like to give, as a first example, the necessity of harmonizing military planning with the national economic plan. In view of the fact that the Ministry of Defense does more direct investing than any other ministerial department, the necessity arises of linking military programming with economic planning. Another example: civil defense. This is clearly an important defense function. Yet it essentially comes under ministries other than the one for which I am responsible.

2) This comprehensive defense effort has to be set within a coherent conceptual framework that is accepted by the entire country. This is the case today: the political parties represented in Parliament all accept the existence of a credible nuclear force whose use remains strictly national and commitment of which is in all cases ordered by the president of the republic. Likewise, none of the parties challenges France's place in the Atlantic Alliance, without participation in the integrated military structure. This approval is also found in the public-opinion polls, which also express approval of national service--to which I shall return later.

3) Finally--and this is doubtlessly the most important thing--there is no defense without a will, without a spirit of defense. The adoption of a rising military budget in a period of economic difficulties is a sign of this will. France's effort should not fall off: from 1981 to 1982, the share of military expenditures in the average PIBm /Gross Domestic Product minus services/ will rise from 3.85 percent to 3.895 percent. The prime minister has decided as of now that this percentage will rise to at least 3.94 percent of the average PIBm in 1983. In this regard, the action of the French government contrasts with the difficulties encountered by various European countries. It is true that those countries have been hit by a wave of militant pacifism, largely nourished by the doubts that exist as to the will of the United States to commit all its means in favor of the NATO countries, which do not have, or which cannot have, in case of military hostilities in Europe, any other ultimate recourse than American protection alone.

To a comprehensive concept of defense, to agreement on its fundamental bases, and to a political will, there should correspond an appropriate structure of forces. Moreover, such organization should be adapted to cope with the challenges of the "storm zone" that the decade in progress represents.

First of all, the nuclear forces. These presently consist of three principal components, all in process of modernization.

The air component, which I cite first because of its relative seniority, comprises the Mirage IVA bombers, of strategic capacity, but also the airborne tactical nuclear armament represented by the Mirage III E's, the Jaguars and the Super-Eten-

dards, which carry AN-51 and AN-52 bombs. The piloted vehicles have the essential quality of being able to be tracked constantly by the political decision-maker and recalled in necessary in the event of conflict. More than the other nuclear weapons systems, these airplanes make it possible, in a crisis atmosphere, to illustrate our intentions without going to the execution phase.

That is why this component will be equipped, from 1985, with medium-range air-to-ground missiles (ASMP) that will reduced the vulnerability of the airplanes concerned (Mirage IV A first of all, and then the Mirage 2000--and increase the flexibility of their use.

A new weapons system constituted by mobile ground-to-ground ballistic missiles will succeed the Mirage IV A's when they are retired from service.

The strategic land-based component, with the 18 SSBS [Ground-to-Ground Strategic Ballistic] missiles of the Albion Plateau, is characterized by its speed of activation in case of conflict. As of the end of 1982, the two squadrons will have been equipped with S-3 missiles, which are more powerful and equipped with penetration aids. As of that date, the silos, for their part, will have been "hardened" so as to reduce their vulnerability to any eventual first strike.

Also on land, the regiments of PLUTON missiles make it possible, together with the Mirage III E's and the Jaguars, to deliver a militarily significant tactical nuclear interdiction strike against the potential enemy--the final signal before use of the strategic nuclear forces. A longer-range successor will replace them later.

The submarine component, with the five operational missile-launching nuclear submarines, ensures to France a second-strike capacity--an absolutely necessary condition for the credibility of nuclear deterrence. With the placing in service of the M-4 multiple-warhead missiles in 1985, the submarines' strike power will be increased by several orders of magnitude, and their reach will be notably improved. A sixth SNLE [Missile-Launching Nuclear Submarine] will join the fleet in 1985, and will be the first to be equipped with M-4 missiles. The number of vessels on patrol will be increased to three, thus enhancing our potential. I add that the Defense Council has recently decided on construction of a seventh SNLE, of a new generation, to go into service before the middle of the next decade.

This modernization of the SNLE's, like that of the Albion Plateau missiles, announcing the modernization and strengthening of our capacity, does not at all imply a change in the anticities strategy, which is a corollary of weak-to-strong deterrence. This advance is aimed essentially at maintaining and developing the credibility of our deterrence in the face of adversary countermeasures.

I will not speak here of the work that will have to be done for the last decade of the century: as regards the payloads and the vehicles, studies are in progress or will be started on the different possibilities and their eventual variants. But it is still too early to say anything substantial about them.

On the other hand it is called for to say more about the research, the measures that will make it possible to increase the effectiveness of our deterrent force during the decade itself. Thus:

--at the present time, it happens for a short time that fewer than three SNLE's are on patrol simultaneously. By a series of more or less expensive but rapid efforts to be carried out, the real patrol time of the SNLE's will be increased;

--the medium-range air-to-ground missile can be equipped with more diversified nuclear payloads than the aerial bombs presently equipping the Mirage III E's, the Jaguars and the Super-Etendards;

--a particularly important point is the hardening of our transmission networks, against what the specialists call the electromagnetic pulses produced by the explosion of nuclear weapons, especially in the upper atmosphere. This is a problem to which the United States and the USSR are likewise particularly sensitive, for the "political" weapon represented by military nuclear power is valid only by virtue of ability to communicate the necessary orders in time and in all circumstances;

--finally, studies on enhanced-radiation weaponry are continuing. It is only with progress of the research that it will be possible to make a political decision about this type of armament, which does not fail to raise various questions: I note that at equal power, it causes less destruction than a traditional tactical nuclear weapon and represents a particular danger for tank attacks. This may seem strange to an uninformed person, but the crews of battle tanks are in fact distinctly more vulnerable to neutron radiation than are persons sheltered simply in houses, not to mention elementary shelters, cellars or trenches. But inversely, I note that the enhanced-radiation weapon can, in certain configurations, become a weapon of nuclear battle, whereas in our doctrine, the deterrent force is the "nonwar" weapon which is intended to prevent conflict. The debate is not settled, and in the present state of advancement of the work, does not yet need to be.

I have just spoken of our nuclear forces; but they are only one of the three principal components of our defense, which, to be complete, must include battle forces, modern and mobile, to guard our approaches and, in the worst of cases, give all its political and military significance to the tactical nuclear strike that would be called for by an offensive aimed at the vital interests of France. Likewise, we must have at our disposal rapid-assistance forces that make it possible to deal with external challenges, of either a military or a natural kind, and whether they involve defense of the interests of France--such as the lives of French nationals abroad--or respect for our international commitments, humanitarian actions or peace-keeping operations.

These forces, to be effective, have to have modern materiel available, in sufficient quantity. This, of course, presupposes an appropriate financial effort through the annual defense budget. But these budgetary means do not arise out of nothing each year; they naturally fall into the framework of a continuity represented by the programming of military expenditures.

The military-programming law, passed on 19 June 1976, fixes the evolution of military expenditures and of the equipping of the armed forces for a 6-year period, from 1977 to 1982. It covers the whole of military expenditures, operating expenses and equipment expenditures. Expressed in terms of payment credits, it guarantees the financial effort that the nation is putting out for its defense.

Thus 1982 represents the final year of the programming law, which it should have proved to be possible to carry out completely. The fact is that upon my arrival in

rue Saint-Dominique, I soon realized that the preceding government had allowed a number of considerable lags to develop in the implementation of that law.

If one considers the financial packages first of all, what does one note? Apparently, the objectives set have been reached. The law provided, for example, for giving the defense budget Fr 66.4 billion in 1978, 76.1 billion in 1979, 87.2 billion in 1980, and 99.9 billion in 1981. In the event, the budgets passed were regularly higher than those figures. But the programming law had been established on the basis of a 7-percent average annual increase in prices. That figure has been well below the reality.

The fact is that in terms of purchasing power, it represents a loss of more than 8 percent off the allocations provided for by the law, which has had an effect on the defense budget.

These insufficiencies of appropriation have been coupled with the rise in the cost of petroleum products, thus introducing serious disturbances into the management of the armed forces. From 1980 to 1981, the Air Force and the Navy have been forced into transfers of credits from investment to operating expenses, which has not failed to have an effect on adherence to the target dates for the various armament programs. There are many lags in this area. They are the subject of a detailed report made to the national legislative bodies. The lags suffered in the development of certain materiel must be added also. These technical obstacles have now been overcome. They have nonetheless seriously affected the program to develop the high-rate-of-fire 155-mm cannon. Likewise the program for the Mirage 2000, the insufficient orders for which have had to be partly compensated for by orders for the Mirage F1, which is an excellent plane but of older design.

This means that it will not have been possible to carry out the programming law entirely by the end of 1982. The government has therefore decided to give itself an extra year so as to achieve all the objectives set by the law. 1982 will not be separated from 1983. The two fiscal years will form a single unit, the dates for which, as you will note, coincide with those of the interim plan.

When, in the National Assembly, I referred to the content of the draft budget for 1982, I constantly referred to the budget for 1983; I have not hesitated to make commitments regarding the volume of the budgetary package, the quantities of materiel that the armed forces will order in 1983, for 1983 will have to make it possible to accomplish what the past execution of the law did not enable us to do in 1982.

What will happen beyond 1983? A new programming law? Doubtlessly. More precisely, a 5-year military-planning law extending from 1984 to 1988--that is, the period over which general planning will extend for the reasons already cited. Furthermore, as of 1 January next a higher officer will be placed at the disposal of the General Commissioner for the Plan in order for the next 5-year plan to integrate completely the defense expenditures' contribution to economic growth and to protection of employment.

I will not go into the 1982 budget in detail here, as I did quite recently before the National Assembly. Permit me simply to emphasize the fact that that budget, which is going up nearly 18 percent in terms of current francs, will maintain and further improve the instrument of our defense.

In order to face up to the threats that I have described to you and implement the policy that I have evoked, it is not sufficient to have materiel at our disposal--nuclear or conventional, of high performance or weak capacity. This materiel is designed, built, maintained and used by personnel whose quality and availability are, in the last analysis, the guarantees of the country's security.

In the present situation, as you know, the strength of the armed forces is 720,000 men and women, and their pay and the related social charges represent more than two-thirds of the running expenses for defense and more than one-third of its total budget.

I would like to stress, and express gratitude for, the part played in the creation, setting-up and maintenance of our defense instrument by the approximately 140,000 civilian personnel of this ministry--workers, civil servants and personnel under contract.

But it is, of course, to the military personnel, charged with the use of our weaponry, that the essential part of our thinking must be devoted.

We presently have 315,200 regular or contracted military personnel and 265,355 young draftees (these are the figures of the 1982 budget), a defense system that achieves a balance between the nuclear deterrent forces which are the guarantors of our independence and the conventional forces that enable us to meet our commitments, both within the Atlantic Alliance--and I am referring to the battle force and to our presence in the FRG, where we maintain 50,000 men--and vis-a-vis our other allies, particularly in French-speaking Africa--and here I refer to what was called the "intervention" forces, but which I prefer to call the rapid-assistance forces.

It is clear that the equilibrium of the existing defense system rests on the fact that large numbers of young draftees are in uniform, which is made possible only by the present duration of national service, fixed at 1 year.

That is why, at a time when there is so much talk of short military service, I would like to share with you some reflections that are not intended to provide solutions to the problems raised by such an eventuality but rather to pose the questions with which we would then be confronted.

These questions will obviously concern the Army, and it is of the Army alone that I intend to speak here. Not that the indispensable role of the other armed forces should be at all belittled; but they, as you know, are more professionalized, and the impact of a reduction of military service would only be a small one for them. This is obviously true for the Navy, which has only 18,000 draftees, but it is also very largely true for the Air Force. Of course, such a reduction would not be without consequences--and I am thinking mainly of the protection of the air bases, the importance of which does not need to be emphasized and which rests entirely on the draftees--but its impact would all the same be less than in the Army, for which the draft provides nearly two-thirds of its personnel.

You should therefore be concerned about the implications of a modified service period as it regards the shape of the Army.

It is entirely understandable that the young people who are asked to fulfill a military-service obligation for the defense of their country should hope for the obli-

gation to be as fair as possible. As a minister responsible for the defense of the country, I must say that the duration of military service should make it possible above all to ensure our defense effectively. Not that nothing should change; but it is a matter of fixing the priorities as between what is desirable and what is possible.

It is therefore necessary to take cognizance of the fact that the problem of reform of national service is indissociable from that of the format of our armed forces, and that in all logic one must begin by thinking these formats through in some detail in order to be able to tackle a real reform of service.

The question of service is also the problem of its content, its missions, the threat, and also the budget package.

Must a single solution be found at any cost?

Some think that a short service period, followed by greater availability for duty, would constitute a response to the problem posed by the protection of sensitive points, whereas, on the contrary, a longer service period would perhaps be desirable in certain jobs that require relatively extensive training and good stability on the part of those who fill them.

I give no answer to these questions, but it seems to me that whatever solutions are adopted, it will be necessary to devote sizable financial means to them. Without going into the establishment of a volunteer Army, which would, moreover, be the most expensive solution of all, one must be well aware of the fact that the material condition of the draftees, or the content of military service, even if shortened, will not be improved without devoting large sums to them.

Conclusion: Three Principles for Defense

I would like to conclude by urging you to reflect in turn, for defense is everyone's affair, and the minister of defense and the responsible officials do not necessarily carry on a routine within an immutable framework.

The great orientations have been fixed since the government has been in business, particularly as regards our deterrence strategy. Many questions remain open--questions that require all the more reflection in that the context in which they are posed can change, and that it is never good to ossify as taboos for tomorrow the ideas that one may have had yesterday.

Among the subjects to be thought out must be mentioned, as we just said, the duration and the content of national service, the personnel strength and the organization of the services, the future of enhanced-radiation nuclear weaponry, modernization of the strategic nuclear forces, and also--in different registers--the exportation of armaments, civil defense. These are all questions--and there are a good many others--with which one category or another of the French is rightly and legitimately concerned.

I have only evoked these subjects to start with--and this should not surprise you--because for some, answers are premature. But especially because I would like to ask you to help, by the work and by the thinking that you promote, to place the

various questions that must be posed as regards defense in their general context, to dig out the foundations and the articulation of the reasoning, to bring out the order of the factors, to take matters into consideration--in a word, to help the government and the responsible officials to grasp the questions of defense from the appropriate angle.

It seems to me that in the matter of defense, reflection must be founded on three main principles.

The first is that for all peoples, and for France in particular, there is a right to security. France, our country, is worth the trouble of defending. We therefore have a duty--that of ensuring the security of the French and of protecting the vital interests of the Republic. Quite obviously, this duty does not at all contradict the duty to work for detente, to seek to promote disarmament that is effective, just--that is, disarmament that is not just a verbal exercise. For ensuring security does not consist solely in arming oneself, even if that means is often indispensable, but in activating all efforts that contribute to preservation of peace and to the warding-off of the risks of crises or conflicts.

The second principle consists in the right to decide freely on the conditions of our security. The president of the republic could say: "The security of France depends on its capacity for defending itself." This is the fundamental principle of independence, or of autonomy of decision--which does not mean that we should be disinterested in other nations.

For the third principle on which our policy of security rests is indeed that of fidelity to our alliances and our friendships. France does not live solitarily; it forms part of a network of relations and friendships resulting from history and geography. The prime minister has already reminded you of the two most important of these networks of solidarity to which we belong--on the one hand, that of the Atlantic Alliance, and on the other, that of the countries of Africa and the Near East, the essential character of which was recently underlined by the Franco-African summit meeting in Paris. The fact that we are not alone but linked to others obliges us to reject any idea of neutralism. Not that neutralism is a bad thing in itself; we all know of neutral countries, such as Switzerland and Sweden, which have respectable and effective traditions in this domain and which also are not suspected of pacifism. But because of its place in the world and in history, neutralism is not a solution for France. I add that "neutralism" is not always synonymous with "neuter."

Such are the permanent principles from which the security policy of France flows. But our country's security must be ensured within a financial framework that is not extensible and that depends in particular on the state of our economy. That is a datum--or more precisely, a constraint--that has varied in the past and that may vary tomorrow, but that is surely of such a nature as to limit our ambitions. Whether the volume of our nuclear forces, the volume of our conventional forces or even a soldier's pay is involved, it is unavoidable and obliges us to make choices. And it would be mistaken to think that these choices, which will be in the foreground particularly at the time of establishing the future military programming, will not be difficult.

But the national dimension of the context in which we must conceive our defense policy is not summed up in a financial dimension. It is necessary to take into ac-

count of the people, of the number of people, which is not unlimited, because of the fact that the society in which we live is more and more becoming a mixed one, and individuals are more and more taking positions of responsibility; it is necessary to take account of the evolution of attitudes, of lifestyles. These are all elements, questions, whose precise impact on our defense policy remains to be brought out.

Ladies and gentlemen, the sole aim of my presentation has been to propose paths of inquiry to you. Your work, since it is the role of the IHEDN [Institute of Higher Studies on National Defense], will, I am sure, clear them, thus contributing to enrichment of the reflection on the defense of our country, which is the concern of us all.

11267

CSO: 3100/176

ATTITUDES ON NEUTRALISM, DISARMAMENT, WILLINGNESS TO FIGHT

Paris LE FIGARO in French 3 Nov 81 pp 1, 5

[Article by Alfred Fabre-Luce: "Contradictions of Neutralism"]

[Text] November will be marked by two important events: Brezhnev's trip to Bonn, and the beginning of the Soviet-American negotiations on arms limitation. As these deadlines approach, the debate about "neutralism" becomes clearer and the two psychological warfare camps are revealing their outlines.

What has to be done is to try and find the best way to give the negotiations getting underway a chance for success. Many Englishmen, Germans and Dutch naively imagine that unilateral concessions by their governments will encourage the USSR to spontaneously make similar concessions afterwards. An English pacifist leader, Mr Thompson, even says that if compensatory Soviet concessions are not forthcoming he will reexamine his stand. Let us ask that angelic gentleman to contemplate the possibility of that disappointment starting now and as a consequence to support three elementary precautions:

1. Not to let "irreversible unilateral" action be conceived.
2. Not to allow propaganda to be developed in the West which is directed only against "American" missiles while there is no symmetrical campaign being developed in the East against "Soviet" missiles.
3. Not to encourage the Kremlin to believe that the scale of the pacifist movement in the West spares it from having to make any concessions (such as belief would frustrate the talks for which the honorable Mr Thompson wishes success).

The upcoming negotiations will deal with a set of very complex problems which concern both Americans and Europeans, SALT agreements and theater weapons. Let us not expect that the military experts will agree and point out a simple solution to us. Some of them think that the Soviet SS-20's do not bring anything decisively new to bear compared to the previous missiles. On the other hand, others consider them to be an ultimate weapon making it possible to wipe out all the land-based nuclear defenses of the Europeans by surprise.

Some are struck by the continuous expansion of naval power and of the production of Soviet tanks, as well as by the Kremlin's repeated declarations that the USSR will never use nuclear weapons in a first strike. From that they conclude that the USSR does not rule out the idea of resorting to blockade operations or to invading Western Europe by using only conventional means.

Others think that the tanks should rather be considered as means for occupying a Europe which has been disarmed beforehand by the use of nuclear weapons.

Everyone has his sources, his quotes, his Soviet references. How can one know where the Kremlin plants its lies?

Good sense suggests a very simple interpretation: the Red Army's leaders are making preparations on "all" levels, reserving the possibility of choosing one or another means of action according to what weaknesses will be made manifest among their enemies. They would obviously not care so much about banning the neutron bomb if it did not represent an effective defensive weapon. They would not be so anxious about the introduction of American theater weapons into Europe if all they had to do to get rid of them was to add a few extra payloads. But in the one case and in the other people are saying the Soviets are rejoicing to see their adversaries spend a fortune on useless expenditures!

A slogan is becoming widespread and is pleasing in its simplicity: "zero option." But this expression which seems to mean "neither American theater weapons nor Soviet theater weapons" is interpreted by pacifists as only meaning "No Pershings and simply moving the SS-20's." Furthermore, all the technical controversies of the last few months have become outdated in recent news by the appearance of a new Soviet missile, the SS-22, even more advanced than the SS-20. The SS-22 could be developed by the USSR "after" concluding an agreement for reciprocal limitation of Pershings and SS-20's. It is already a difficult thing to limit existing armaments; it is even more difficult to anticipate the ingenuity and creativity of the human mind. The establishment of a minimum of confidence between the negotiating parties remains vital. However, it can hardly be hoped for as long as the USSR continues to carry out aggressive actions at various spots on the globe and remains fundamentally opposed to any on-site verification of concluded agreements.

In this weapons area the French Government maintains an ambiguous stand. It is giving other Europeans more advice than did the previous government, but it does not allow itself to get any further involved in a practical way in the struggle for balance. It refuses to participate in a European defense put under the command of the Americans, but it does not want an independent European defense either. When Pierre Mauroy vaguely refers to such a possibility, Claude Cheysson hastens to clarify that that is only a distant dream. If it were otherwise Rene Andrieu would not be supporting the government's foreign policy, Soviet visitors would not be looking serene on leaving the Elysee, and PRAVDA would not be praising Francois Mitterrand.

Some readers ask me what I thought about the commentary provoked by the television showing of the film "The Sorrow and the Piety." My answer will quickly get back to the theme of the present article.

What struck me first of all was the suppression by the media of the genuine reactions of the French people. Several polls, old and recent ones, have demonstrated that there was massive approval by citizens of Petain of June 1940. But the debates set up on the air continue to be solely the product of a resistance competition in which each person tries to "have a corner on heroism." On FR 3 Marcel Ophuls, transformed into a schoolteacher, tried to have some young inhabitants of Auvergne adopt his two favorite equations: Petain equals Hitler and Copernic [Street] equals French fascism.

But his "pupils" seemed more concerned about discovering the authentic "real-life experience" of the Occupation period and they said they did not observe any demonstration of anti-Semitism around them at the present time. Besides, why should they feel guilty about the machinations in France of exasperated Palestinians? I imagine that instead they wish that foreigners would stop settling their quarrels on our territory.

The end of that "debate" threw a curious light on today's problems. Several of the young secondary school students being asked questions seemed to want to substitute for the lack of resistance observed in 1940 an instant lack of resistance as of the next declaration of war. It will not be easy to maintain the idea of defense in a country in which the majority of citizens are opposed to the possible use of our nuclear strike force and in which a portion of our young people refuses to even allow itself to be mobilized.

9631

CSO: 3100/126

TV CHANNELS USE GERMAN NEO-NAZISM AGAINST RIGHTWING

Paris LE FIGARO in French 4 Nov 81 p 1

[Editorial by Max Clos: "Television and Neo-Nazis: Manipulation"]

[Text] On Monday the three French television channels bombarded viewers on the subject of the "Neo-Nazi peril" in Germany. This is a scandalous undertaking in disinformation which conceals an unsavory political operation.

What was allegedly being shown? The commentary said it in plain language: contrary to what people would have you believe, the danger for the FRG is not the Red Army Faction's terrorism but in rightwing extremism.

What proofs were provided? Pictures several months old displaying about 20 strange fellows dressed up like SS and gesticulating in front of the cameras. Who is their leader? One Hoffmann, whom people have been able to see for years in all the sensationalist magazines and about whom it is not really known if he is a mental defective, a manipulated fool, or an agitator.

Germany certainly has problems but that is not where they are. Germany is seeing an economic and social crisis looming on the horizon. Clouds are building up in the East. A diffuse leftism is preying on young people, shot through with neutralist and pacifist currents which are providing leftwing terrorists with a favorable compost pile. There do exist tiny little Neo-Nazi groups, but they do not represent anything. To be sure, they are able to strike, and they have done so. Their place, like that of all terrorists, leftwing or rightwing, is in prison. But it is seriously misleading public opinion to try and make it believe that that is "the" problem.

Then why did French television engage in this crude manipulation? In all likelihood because it was instructed to. Excuse me: because it was suggested that it do so. By whom and why?

We will not answer the first question for the moment.

On the other hand, the why is easy to make out. In this operation the issue was not Germany but France. It was not German Neo-Nazis but the French right. The French right--which has become the obsession of the socialist regime--is made up, so we are assumed by official spokesmen, of suspicious citizens, of emigres inside the country and of potential traitors.

To be sure, its right to exist on an opposition force is not being questioned, but already the thing to do is to denounce the right before public opinion as solely and uniquely responsible for the economic catastrophe which is shaping up in spite of Mr Mauroy's incantations.

Monday's manipulation is nothing other than a new manifestation of the Allende complex, that reflex of a fear of failure which torments socialist leaders. It was no longer sufficient to conduct the opposition's trial ahead of time. It was necessary to go one step further.

This is what has just been done by means of the well-known technique of mixing things together. What did they want to prove? This: the right is naturally attracted by fascism, it must of necessity seek to arm itself, so inevitably it will think about a military uprising. You see! That is what is happening in Germany. That is what is going to happen in France. This thread is a little too obvious. The method itself is downright dishonest.

9631

CSO: 3100/126

PEOPLE'S ALLIANCE TROUBLED BY SOVIET SUB INCURSION OF SWEDEN

Reykjavik MORGUNELADID in Icelandic 10 Nov 81 p 7

[Commentary by Staksteinar]

[Text] People of the European countries! Fight against the deployment of new American nuclear missiles in West European territories.

Peace lovers. Intensify your strength in a devoted fight for the highest right--the right for life. Therefore, support the ban of neutron weapons and other destructive weapons! Nuclear war--no!

(From the motto of the Central Committee of KFS on the 64th anniversary of the October Revolution)

The Slogans From the Kremlin

The insert above is a copy of the front page of NEWS FROM THE SOVIET UNION, which was published in November, just in time for the anniversary of the revolution in the Soviet Union. The slogans, which the Central Committee of the Soviet Communist Party coined to commemorate the anniversary, are in accordance with the message that "peace lovers" in this country and elsewhere have been maintaining recently. These slogans were carried on banners over a "peace march" of war machines at the Red Square, and probably both the Soviet ambassador and Ludvik Josepsson kept hammering these slogans at the National Theater Cellar on Sunday.

Soviet Proponents in the Clear

When the signatures of various well-known Icelanders were being collected to support the cause of Viktor Kortsnoj, many of the upper crust of the People's Alliance signed the document, which the Soviet Embassy then refused to accept. It aroused attention at the time that one of the leaders of the People's Alliance, Sigurjon Petursson, chairman of the Reykjavik City Council, stated publicly that he felt that there was no reason to sign such a document. It was pointed out by STAKSTEINAR that by this position taken by Petursson, the relationship

between the People's Alliance and its leadership with the Soviet Embassy and the bosses in the Kremlin was now saved. Furthermore, late this summer, the newly elected chairman of the People's Alliance, Svavar Gestsson, went on a party visit to the Soviet Union. It was made to look as if he was being invited in his capacity as minister, but in reality he was a visitor of a committee on behalf of the party.

It aroused attention that in the weekend edition of the THJODVILJINN, all the main leaders of the People's Alliance are singled out to recognize the Soviets' misconduct in sending a submarine equipped with nuclear weapons into the Swedish archipelago. In the two THJODVILJINN editorials in the weekend edition, one for the party's viewpoints and one for the Iceland State Broadcasting Service, the Soviet Union is severely attacked and all kinds of criticism is made because of the submarine incident. All this was in the Saturday edition. But then what happens Sunday? Then the Icelandic-Soviet Cultural Society, MIR, celebrated the 64th anniversary of the Russian Revolution and the speakers were Mikhail N. Streltsov, the Soviet ambassador to Iceland, and Ludvik Josepsson, who was the chairman of the People's Alliance before Svavar Gestsson took over.

When the THJODVILJINN people and the leaders of the People's Alliance reprimanded the Soviet Union on Saturday, they, of course, knew that everything would calm down by Sunday. The People's Alliance could not show any more support to the Soviet Union than to introduce together, as the main speakers at the Revolution Celebration, the Soviet ambassador and Ludvik Josepsson himself, who at one time pretended that he did not know anything about the fate of dissidents in the Soviet Union.

This spring, it was Sigurjon Petursson who accepted the task of securing the ties with the Kremlin but now it is Ludvik Josepsson.

"Peace March" at the Red Square

The reports about the great military march at the Red Square by the walls of the Kremlin on Saturday mostly bring to mind the news about the "peace marches" in West Europe a few weeks ago. At any rate, the same slogans were imprinted on the banners above the Soviet war machines as have flown over the "peace marchers" in Bonn, London, Rome and Paris. In Moscow, a gigantic picture of a missile that actually looked most like an SS-20 was carried, and on the picture it said "No USA" and lines were drawn crosswise over the missile. Furthermore, marchers in the military march protested Ronald Reagan's "war agitations" and declared him "a warmonger," as also was done at an outdoor meeting at Lakjartorg earlier this year.

Over tanks, cannons, nuclear missiles and soldiers in the "peace march" at the Red Square, Defense Minister Ustinov preached his message, and threatened the Western countries that the Soviet Union would never let anyone get ahead of it with regard to arms.

The ambassadors of Denmark, Norway, Sweden and Iceland were not present at the festivities' platforms in the shadow of the Soviet war tanks when Ustinov gave

his "peace message." Thereby they protested the incursion of the Soviet submarine into the Swedish archipelago. It was definitely about time that the Icelandic ambassador would join his colleagues from the Western countries in a protest effort against Soviet aggression. We wonder if Ludvik Josepsson apologized on behalf of the Icelandic government at the MIR-celebration on Sunday? Or was he there only as a representative of the People's Alliance?

9583

CSO: 3111/11

PAPER ATTACKS PEOPLE'S ALLIANCE STAND ON TNF ISSUES

Reykjavik MORGUNBLADID in Icelandic 29 Nov 81 p 24

[Editorial: "Reduction of Nuclear Weapons"]

[Text] This following paragraph was published in one of the newspapers in Reykjavik a few days ago: "Nations of Europe, from Poland to Portugal, from Greece to Iceland, should unanimously demand that the Soviets immediately withdraw their SS-20's and that medium-range ballistic missiles not be deployed in West Europe on behalf of NATO." This paragraph could start an exciting debate. Most people would probably think it had appeared in one of the newspapers which, out of consideration, present the point of view of the United States Government in international affairs, as the paragraph contains precisely the core of Ronald Reagan's message on foreign affairs this 18 November. In this speech, the American president emphasized his stance, supported by all the governments of the NATO alliance, that the buildup of the anti-ballistic system of the NATO alliance in Europe would be abandoned if the Soviets withdraw their SS-20's, SS-4's and SS-5 nuclear missiles. The abovementioned paragraph appeared in the THJODVILJINN editorial Saturday, 7 November, the day of the Soviet Union's Revolution celebration, the day before Ludvik Josepsson, former chairman of the People's Alliance, paid homage to the Soviet Union along with the Soviet ambassador at a meeting of the MIR [Icelandic-Soviet Cultural Society] at the National Theater Cellar.

The following sentence is also taken from the THJODVILJINN editorial. "The peace movement that puts its trust in the warmongers who now govern in Washington, is stillborn." If this editorial had been written today, the day before the nuclear arms limitation talks between the Soviets and the Americans begins in Geneva, there is no doubt that the common sense of the author (vice-chairman of the People's Alliance Kjartan Olafsson) would have resulted in this last sentence being eliminated. The vice-chairman of the People's Alliance must now put all his trust in the success of Ronald Reagan's idea concerning the elimination of certain types of nuclear missiles in Europe. The implementation of that proposal is the most sensible step that now can be taken in order to curb nuclear armament in Europe.

The resolution made by the NATO foreign ministers on 12 December 1979 concerning countermeasures for Soviet SS-20's contained two stipulations: that they would be balanced by a Western missile system and that discussions on nuclear arms limitations in Europe would be initiated, trying to get the Soviets to stop

their military buildup. It is concluded in the NATO agreement that if the Soviets are willing to reduce their nuclear military strength, NATO will completely or partially abandon plans for its own nuclear missiles. With his speech on 18 November, the American President put forth in an impressive manner the so-called "zero option"--both parties agree to deploy no intermediate nuclear missiles in Europe. The first reaction of the Soviets was characterized by their traditional reluctance, but during the meetings of Leonid Brezhnev Helmut Schmidt in Bonn this week, it appeared that the Soviets might agree to some reduction.

The discussions that will begin in Geneva tomorrow will be about these matters. That will be a real test of whether the Soviets are ready to listen to limitations and cutback of nuclear armament in Europe. It is not to be expected that a conclusion will be reached in a short time. The Soviets want to mix two different nuclear arms systems in these talks. They say that they cannot cut back on their medium-range missiles unless the Western countries reduce aircraft in their so-called "forward areas," that is to say aircraft in Europe and aircraft carriers that can carry nuclear weapons. The representatives of the Western countries feel that it is right to discuss this matter after a conclusion has been reached in the discussion on medium-range ballistic missiles, as the Soviets also have their own "forward areas."

Although man has produced all the highly developed weapons systems, it is difficult, even for military experts, to understand their interconnections. The spokesmen of the so-called peace movements, in this country anyway, do not seem to put any emphasis on explaining individual features of these complicated matters. They know that it is mostly ignorance that leads to fear, and scare tactics have been the only weapon of these people up to now.

It has been stated justifiably that NATO is the peace movement that has best served the Western countries since 1949. Nothing can refute that fact, and scare tactics will not succeed in undermining the belief of the Western people that by uniting their strength they best promote their own security. The preliminaries to the arms talks that begin in Geneva tomorrow, also confirm the justification of the view that the only way the Western countries can succeed in bringing the Kremlin people to discussions about limitations and cutback to armaments is that they show firmness and willingness to respond to the communist's armament in the same way. The fight of the so-called peace movements for unilateral disarmament has nothing to do with this, it is a fight against insecurity the way matters now stand, and this insecurity has often been the reason for conflict.

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GENERAL

GREECE

DEPUTY COORDINATION MINISTER ADDRESSES EMIGRE PROFESSORS

Athens EKORMISI in Greek 10 Dec 81 p 10

/Speech by Deputy Coordination Minister G. Pottakis to Emigre Greek Professors/

/Text/ The primary objective of this government is to create a decentralized, self-managerial economy where man, free of anxiety and oppression, will be able to develop freely all the creative abilities of his personality, who will not be limited to only two levels of his personality, namely, his capacity as producer and his capacity as consumer.

At the same time, democratic planning--for which the government will introduce a bill to the Chamber of Deputies--aspires to employ the principles of scientific management with humanitarian criteria throughout society. This opens very broad horizons of action, theory and practice both for Greek professors teaching abroad as well as those in Greece.

The above remarks were included in a speech delivered by Deputy Coordination Minister Giannis Pottakis at the conference of the Greek Association for Business Management /EEDF/ held at the "Hilton" Hotel on the subject of "Teaching and Practice of Management in Advanced Economies." Approximately 150 Greek professors in European and American universities took part. More specifically, Deputy Minister of Coordination Giannis Pottakis underlined the following:

"I bring you a message from the premier who in the midst of his present duties never forgets the many years he spent with the "Omogeneia" as a member of your family, the family of Greek university teachers abroad.

"We assure you that we feel pride for you, our country's ambassadors abroad. The progress and development /you achieved/ when you were given the opportunity justifies our self-confidence that all will go well in our country, too. Our subject is 'management.'

"I would simply present two thoughts of wider interest relating to the political dimensions of the subject.

"Let me first sketch the social model which the new Greek government is planning to create and let us incorporate, let us see, the place of management in it.

"I want to make this clear from the outset. Our social model is not identical to the models of 'existing'--as it is known--socialism. We believe that only the development of social relations will free the caged dynamism and will lead to the real development of the productive forces.

"Now we can better approach the concept of efficiency. Efficiency is not a neutral concept in terms of quality. At the basis of efficiency and of its measurement we find certain criteria which in the last analysis are matters of political choice, matters of values, matters of orientations. What is efficient for an enterprise or an economy of the classic type may not be efficient for a self-management enterprise or a self-management economy."

Decentralized Economy

"Our model, our vision," Pottakis said emphatically, "is a decentralized, self-managed economy in which man, free of anxiety and oppression, will be able to develop freely all the creative abilities of his personality, where man will not be limited only to the two levels of his personality, the capacity of producer and the capacity of consumer.

"In such a social and economic model, what is the place of 'management?' If you understand it as 'management outside and above the people,' as a mechanism which is outside and above the people in order to 'command' them without their participation, then it has little relation to what we have in mind. If you understand it as management in the service of the target to liberate man and to shift decision-making as close as possible to the directly concerned people--if you understand it as self-management--then management has its fundamental place in our society.

"Work is now called 'labor.' Man 'labors'; he does not 'work!' He waits anxiously all week for the weekend to relax. And when the weekend comes he feels just as tired because he expects next week to be just as the one before! In an environment of alienation! And he waits to grow old, to retire, so that he can live! Waiting for old age to win life is indeed a contradiction in the system.

"The question for us is posed again from the outset! Do we keep the same structures, trying to improve management or do we try to change the structures and to give a new content and a new quality to society, eventually to life itself?

"We have made our decision which was approved by the great majority of the Greek people in the election and by a large majority in the Chamber of Deputies when we received a vote of confidence. Our decision is toward a society, self-managed, decentralized, a society where man is the center. Of course in such an atmosphere the free creative initiative of man will grow.

"The human initiative has fundamental relationship and a very broad field of action. Except for certain sectors of the economy, which are being socialized, the field will be free for competition.

"Soon the government," Pottakis said, "will introduce in the Chamber of Deputies a bill for democratic planning. The democratic planning aspires to implement the

principles of scientific management with humanitarian criteria throughout society. We do not want to limit ourselves to the micro-economic level, but pass into the macro-economic one where the entire economy, the entire society, is organized effectively to avert the waste of precious resources and talent as was done until now.

"Here, then, very broad horizons pave the way for action, for theory and practice for all of us, for all of you. We are all called upon to contribute to the gigantic effort which is taking place for the first time in our history since the establishment of the Greek state.

"To build the foundations for a state which is truly independent, a society truly just, a man who will be happy to live, to work, to create!"

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